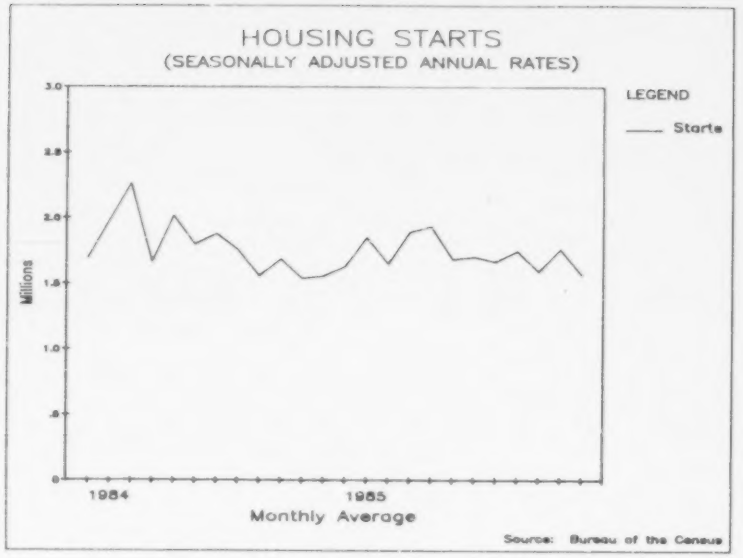
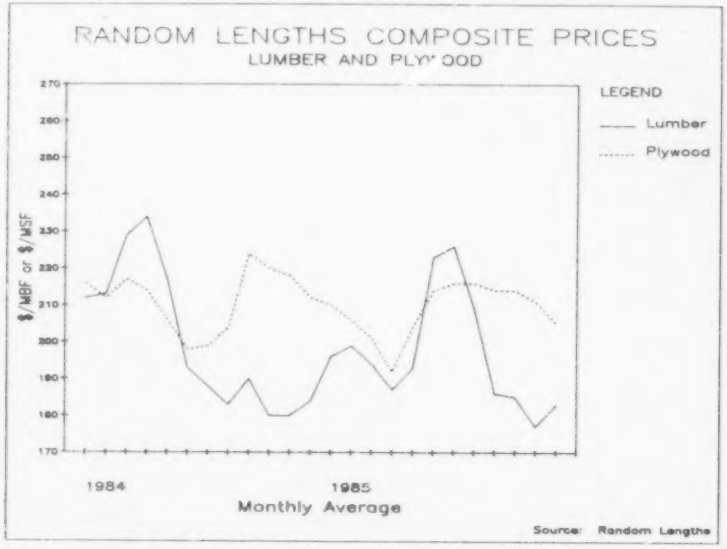
CONSTRUCTION AND HOUSING STATISTICS

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Nov. '85	Oct. '85	Nov. '84	11 mo.'85	11 mo.'84
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	30.3	-5.6%	10.2%	315.8	10.3%
Private	24.7	-4.6%	9.3%	257.6	9.7%
Residential	12.9	-7.2%	7.5%	137.1	7.9%
Nonresidential & Other	11.8	-1.7%	11.3%	120.5	11.9%
Public	5.6	-9.7%	14.3%	58.2	12.7%
	Nov. '85	Oct. '85	Nov. '84	11 mo.'85	11 mo.'84
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	120.9	-29.7%	22.1%	1,619.9	-7.6%
New Private Starts	120.9	-30.1%	22.2%	1,732.7	-0.8%
Seas. Adj. Annual Rate	1566	-11.6%	-3.9%		
One-Family Housing Starts	72.0	-31.5%	14.6%	1,070.5	-1.1%
Proportion of Total	59.6%			66.1%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	20,900	-24.5%	-4.1%	266,700	-4.2%

EMPLOYMENT STATISTICS

	Nov. '85	% Change From Oct. '85	% Change From Nov. '84
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	98,739	0.2%	3.2%
All Manufacturing Industries	19,375	0.2%	-2.2%
Lumber and Wood Products	712	0.6%	-0.7%
Furniture and Fixtures	496	0.0%	0.2%





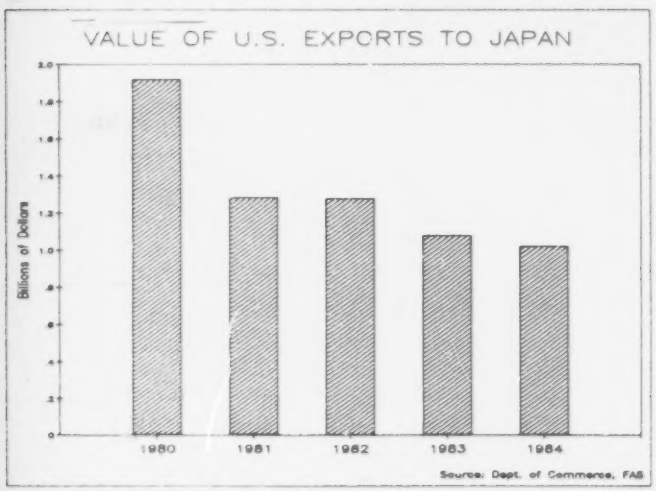
- establish product standards for structural panels, such as oriented strand board and waferboard;

- review fire and building codes to identify possible measures which could stimulate greater use of wood products;

- establish criteria and procedures which will allow foreign experts to participate in drafting standards.

The Japanese action provides a lift to the U.S. industry's market expansion hopes. Japan is the largest customer for U.S. wood products. However, the value of exports has fallen in recent years because of the overvalued dollar and restrictive Japanese market (Table 2; Figure 1). Up to $500 million of additional export sales are possible if all Japanese tariffs were removed.

Figure 1: The Japanese tariff reductions are expected to boost export trade to the U.S.' largest export market.



GOVERNMENT REVISES GNP DATA

The Department of Commerce has recently revised its data series on the Gross National Product (GNP). The agency undertakes a major overhaul of the data about once every ten years to bring the methodologies up to date and to make the base year reference points more current. The GNP is the most frequently looked at measure of general economic performance in the American economy. It measures in real terms changes which occur in the total output of the nation's goods and services. Up until this year, the GNP was reported in 1972 dollars. It will now be adjusted to 1982 dollars. This means that the level of the 1985 estimate of the GNP, previously reported at $1,680 in 1972 dollars, is now restated to $3,574 billion in constant 1982 dollars.

At first glance, this change appears to be a mere statistical gimmick. However, the pre energy crisis, low dollar economy of 1972 is markedly different from conditions, trade and spending patterns of the eighties. As a result, the GNP price deflator will now bear closer resemblance to some of the fixed index measures of inflation, such as the Consumer Price Index (CPI).

The adjustment in the base year for the GNP effects numerous other measures of the economy. For example, the GNP price deflator index, which had grown 230 percent over its 1972 mark by 1985, is estimated at 112 percent of the 1982 level and will now be reported on that basis.

A number of other revisions have also been incorporated into the Commerce measures which change the significance of the reported data. The Commerce Department has revised its methods for measuring federal government purchases of goods and services, and its methods of collecting and using trade data. Import and export statistics can be rolled into the total numbers in a much more timely manner. The agency has also developed a method to estimate the effects of the underground economy (unreported income). This latter change has the effect of adding to the reported National Income, and therefore increases the reported savings rate.

INDUSTRY HEALTH -- THE DOLDRUMS CARRY OVER TO THE TOTAL CORPORATE TAXES PAID BY THE LUMBER AND WOOD PRODUCTS INDUSTRY

The IRS annually publishes information about corporate and individual income tax returns in its Statistics of Income (SOI) series. The most recent data available on taxes paid by corporations are from the 1982 returns. Table 3 shows total taxes paid by companies in the lumber and wood products sector during the period 1978 through 1982.

Based on the SOI information, the lumber and wood products industry paid approximately $190 million in Federal corporate income taxes in 1982, a decline of over $700 million when compared with 1978. In real 1982 dollars, the decrease was even more dramatic, approximately 85 percent. The decline in aggregate corporate taxes paid provides yet another measure of the declining health of the industry, mirroring the fall in earnings that has taken place in that time period.

Many in the timber industry believe that the solid wood industry suffered as much during the recession as it did during the Great Depression. Indeed, only 49% of the companies in the lumber and wood products sector filed returns with net income, and the real value of solid wood shipments in 1982 was only 57% of the value of shipments in 1978.

The industry's value of shipments increased substantially in 1983 in nominal terms, but still remained below the peak years in the late 70's when adjusted for constant dollars. NFPA estimates that the value of shipments in 1984 and 1985 also remained relatively constant (Table 4). Poor earnings performance has also been widely reported. However, we would expect to see an upturn in the taxes paid by the lumber and wood products industry in 1983 - 1985, when data for those years are published.

The Senate will be taking up tax legislation very soon, and is contemplating action that could seriously affect this already precarious industry situation. A number of provisions in the Code which directly impact cash flow, investment, and long-term forest management are under consideration for elimination. Any changes in the current code will likely have a further impact on the already lackluster performance of the lumber and wood products industry.

Table 3: Taxes paid by the solid wood industry fell dramatically between 1978 and 1982.

Value of Industry Shipments
Lumber and Wood Products

(Million Dollars)

	Nominal $	Constant 1982 $
1978	$46,522.4	$64,435.5
1979	49,854.1	63,427.6
1980	47,193.1	55,067.8
1981	46,806.9	49,794.6
1982	42,934.9	42,934.9
1983	51,304.6	49,378.8
1984(E)	49,500.0	45,790.9
1985(E)	50,000.0	44,762.8

Source: Bureau of Labor Statistics; 1984-85 NFPA Estimates

Table 4: When adjusted into real 1982 dollars, the value of industry shipments document the poor performance of the industry.

TAXES PAID BY THE SOLID WOOD INDUSTRY

	1978	1979	1980	1981	1982
Total Number of Returns	12,823	13,182	13,567	15,371	14,203
Number of Returns with Net Income	10,549	9,535	7,232	7,450	6,951
Total Receipts ($000)	$49,680,047	$55,392,211	$54,263,309	$53,368,452	$49,407,395
Total Deductions ($000)	46,380,601	52,229,461	53,336,023	53,736,635	49,917,554
Net Income (Less Deficit) ($000)	3,338,492	3,276,562	985,593	(30,2001)	(484,936)
Net Taxable Income ($000)	3,177,996	3,391,886	1,526,547	909,561	587,346
Total Income Tax ($000)	1,191,815	1,152,532	543,154	338,345	227,135
Credits ($000)	283,231	382,274	205,418	98,727	36,506
Net Tax, Nominal Terms ($000)	908,584	770,258	337,736	239,618	190,629
Net Tax, 1982 Dollars ($000)	$1,252,640	$977,457	$392,555	$254,049	$190,629

Source: IRS Statistics of Income

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GRAMM RUDMAN HOLLINGS -- EVERY SECTOR OF THE ECONOMY WILL BE EFFECTED

The federal budget deficit for the fiscal year ending September 30, 1985 was a mind-boggling $212 billion dollars. Congress and the Administration agreed to bring the federal deficit under control during the next five years through the Gramm-Rudman-Hollings law. In brief, the law places annual ceilings on the permissible deficit of $171.9 billion in fiscal year 1986 (FY86), $144 billion in FY87, $108 billion in FY88, $72 billion in FY89, $36 billion in FY90 and $0 (zero) in FY91. The law is being challenged in the courts, but whatever the judicial outcome, Gramm-Rudman-Hollings has put Congress on record for setting specific objectives to bring the federal budget under control.

Gramm-Rudman-Hollings leaves the determination of the required reductions to the General Accounting Office (GAO) based on expected economic conditions and federal spending. Each year the GAO projects the federal deficit using data and forecasts submitted by the Congressional Budget Office and the Office of Management and Budget. If the GAO projections exceed the ceilings specified in the law, then the President sends to Congress a "sequester order" detailing across the board cuts in "programs, projects and activities" not specifically exempt. One half of spending reductions must come from defense programs, one-half from non-defense areas. For fiscal year 1986 there is an automatic across the board reduction of 4.3 percent or $11.7 billion. These reductions began on March 1, 1986.

The forest products industry is impacted in several areas. Directly effected is the Forest Service budget, including the timber sales program, research, state and private forestry and construction programs. A total of $71.93 million will be reduced from the Forest Service budget for FY86. The cuts for the current fiscal year are not likely (nor designed) to cause any major changes in programs or policy direction. The Forest Service has said that the cuts can be absorbed in travel and through attrition and retirements. Western producers, most reliant on public timber sales, are pressing the Forest Service to increase efficiencies and not reduce sales volumes.

Indirectly, the forest industry is also impacted through reductions in government construction programs, subsidized mortgage and other housing related programs. Most of these impacts will be minimal in FY86, but may become quite significant next year and later on. Congress recently passed an emergency measure to bypass Gramm-Rudman-Hollings on VA backed mortgages, raising the ceiling to $18.2 billion. Otherwise, the program would have run out of funding on March 1. Many programs will be severely diluted in FY87 if Congress fails to come to grips with the deficit and Gramm-Rudman-Hollings prevails. Even if automatic reductions are not triggered, the deficit-reducing atmosphere will probably cause program reductions.

Gramm-Rudman-Hollings may have some genuinely positive impacts on business. Extensive government borrowing is a major factor determining prevailing interest rates. A decrease in government borrowing should put downward pressure on interest rates, keeping business borrowing costs lower. Lower interest rates will help reduce the deficit by slowing the pace of interest payments on the national debt. In turn, lower rates make housing more attractive, possibly making government housing and mortgage programs less necessary. In addition, lower interest rates should strengthen foreign currencies vis a vis the dollar by closing the interest rate gap between the U.S. and other countries. United States exports, including wood products, should get a boost.

In the main, theoretical economics must confront political reality. The reality is that Gramm-Rudman-Hollings will

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force Congress to make the difficult choices on tax increases versus spending cuts. What originally began as tax reform may evolve into an integrated package of spending cuts and tax increases designed to comply with Gramm-Rudman-Hollings.

THE YEAR -- 1985 -- IN REVIEW

·U.S. softwood lumber production totaled an estimated 30,690 million board feet, down 1.6 percent from 1984. Production was down 8.5 percent in the Douglas Fir region, but up slightly in other regions.

·Softwood lumber consumption reached a new record-setting level of 43,657 million board feet. Imports from Canada accounted for 33.2 percent of this total. The level of imports was up 9.7 percent over 1984; the market share increase was the highest one year increase since 1977.

·Hardwood lumber production continued to benefit from furniture markets experiencing the downstream effect of housing and commercial construction booms. Hardwood lumber production rose 4.2 percent over 1984. However, exports of hardwood lumber fell 14.9 percent. Exports of hardwood logs were up nearly 3 percent in volume, 15 percent in value.

·Structural panels also experienced a record level of demand in 1985. Production of structural panels was estimated at 23,165 million square feet. Of this amount, oriented strand board and waferboard accounted for approximately 9 percent.

·Indicators of demand during 1985 reflected extremely active markets. New housing starts, which account for 50 percent of softwood lumber consumption, measured 1.74 million units in 1985. Housing starts have been consistently at the 1.73 - 1.75 level for three years. The three year average of 1.74 is the highest for a three year period since 1977 - 1979.

·The value of nonresidential construction also continued at an impressive pace during 1985. The Commerce Department reported nonresidential construction at $128.3 billion, 8.9 percent higher than in 1984.

·Despite high demand and generally healthy conditions in the service and consuming ends of the economy, lumber producers suffered a fourth year of depressed earnings. The average Random Lengths Composite Price for softwood framing lumber for 1985 was $194. This compares with $199 in 1984 and $221 in 1983. During the 1982 recession, the Composite Price averaged $169.

CANADIAN IMPORTS REACH NEW HIGH -- U.S. INDUSTRY PURSUES REMEDIES

Imports of softwood lumber from Canada reached 14,507.6 million board feet, accounting for 33.2 percent of U.S. consumption. This represents the largest one year increase in market share since 1977. The supplemental graph (Figure 1) displays the trend in imports and market share during the past decade.

PROPOSED REDUCTIONS IN NATIONAL FOREST TIMBER SALES LEVEL MAY FURTHER SQUEEZE WESTERN PRODUCERS

The Administration's FY87 budget calls for a 12 percent reduction in the federal government's timber sale program to ten billion board feet. If unchanged, this would be the lowest authorized level since 1961. With demand for wood products expected to continue at historically high levels during 1986 and 1987, producers dependent on federal timber will find inadequate supply to be competitive in the marketplace. A supplemental graph (Figure 2) details the volume of timber annually sold and harvested from National Forests since 1975.

WE ARE MOVING!

Effective April 7, NFPA's new address is:

National Forest Products Association
1250 Connecticut AV, NW
Suite 200
Washington, DC 20036

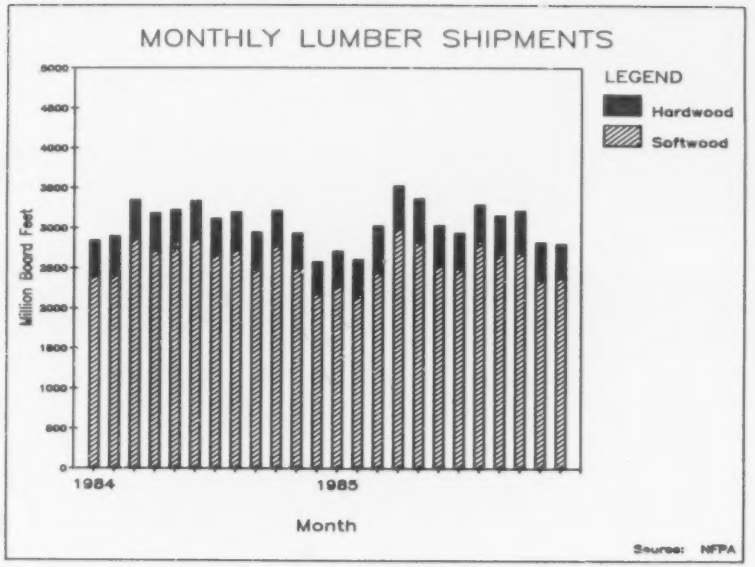
The new phone number is:

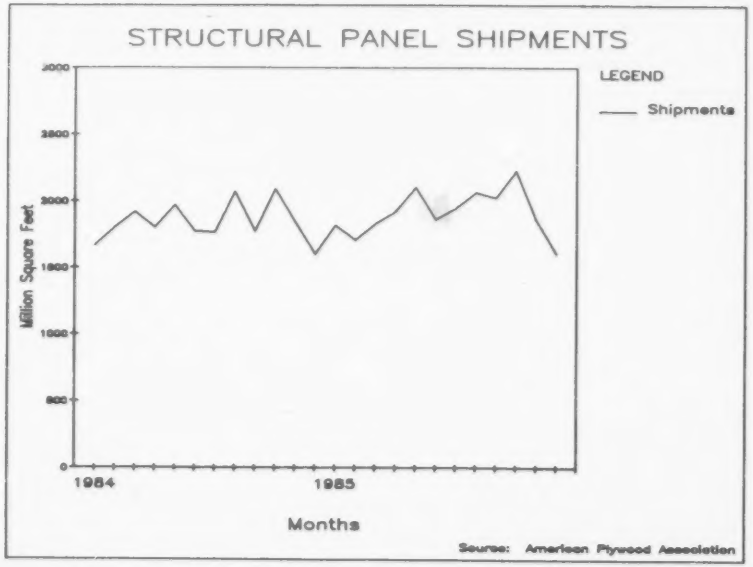
(202) 463-2700

ECONOMICS MONTHLY
February, 1986

MONTHLY STATISTICS FOR THE WOOD PRODUCTS INDUSTRY

	ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION				
	DECEMBER 1985			DECEMBER 31, 1985	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	761	791	829	595	1,863
Douglas Fir Region	563	615	568	528	909
Western Pine Region	700	737	724	433	1,295
California Redwood Region	100	125	124	95	355
Other Softwoods	109	116	115	241	297
TOTAL SOFTWOODS	2,233	2,384	2,360	1,892	4,719
% Change - November 1985	-6.9%	0.3%	-0.1%	-1.3%	-3.1%
% Change - December 1984	8.2%	9.8%	19.4%	0.9%	2.7%
HARDWOOD LUMBER					
Southern Hardwood Region	201	205	195	227	853
Appalachian Hardwood Reg.	34	35	33	*	*
Other Hardwoods	181	185	175	146	1,060
TOTAL HARDWOODS	416	425	403	373	1,913
% Change - November 1985	-15.4%	-13.3%	-21.0%	-5.6%	-0.5%
% Change - December 1984	-6.3%	-1.4%	-9.0%	0.3%	8.6%
TOTAL LUMBER	2,649	2,809	2,763	2,265	6,632
% Change - November 1985	-8.3%	-2.1%	-3.8%	-2.0%	-2.4%
% Change - December 1984	5.6%	7.9%	14.2%	0.8%	4.4%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	8,688	NA	5,535	6,190
Maple Flooring (Sq. Ft.)	672	694	744	3,446	1,630
STRUCTURAL PANELS	1,679,527	1,604,521	1,671,991	579,306	434,000
% Change - November 1985	-11.5%	-13.6%	-1.3%	10.1%	31.1%
% Change - December 1984	2.1%	0.3%	-0.2%	34.6%	19.3%





YEAR-TO-DATE PRODUCTION, SHIPMENTS, AND ORDERS

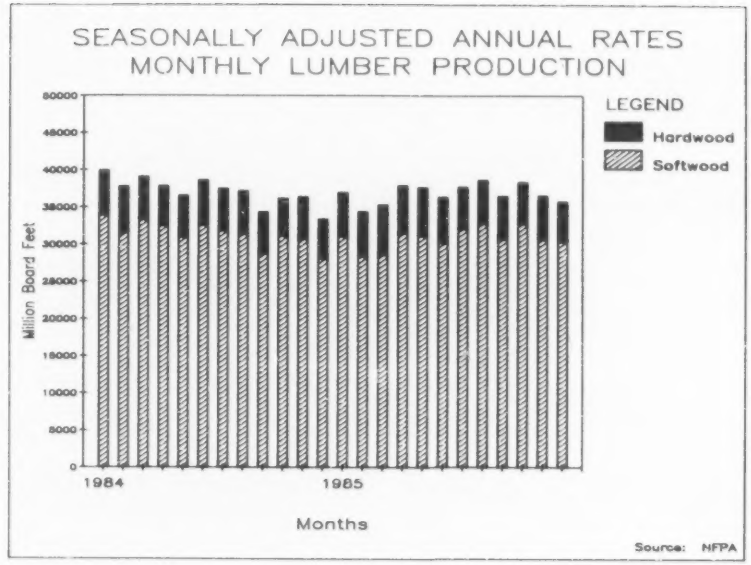
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	12 mos.'85	12 mos.'84	12 mos.'85	12 mos.'84	12 mos.'85	12 mos.'84
	(Million Board Feet)					
TOTAL LUMBER	37,164	-0.6%	36,887	-0.8%	36,905	0.5%
TOTAL SOFTWOOD	30,690	-1.6%	30,565	-2.0%	30,582	-0.7%
TOTAL HARDWOOD	6,474	4.2%	6,322	5.5%	6,323	6.3%

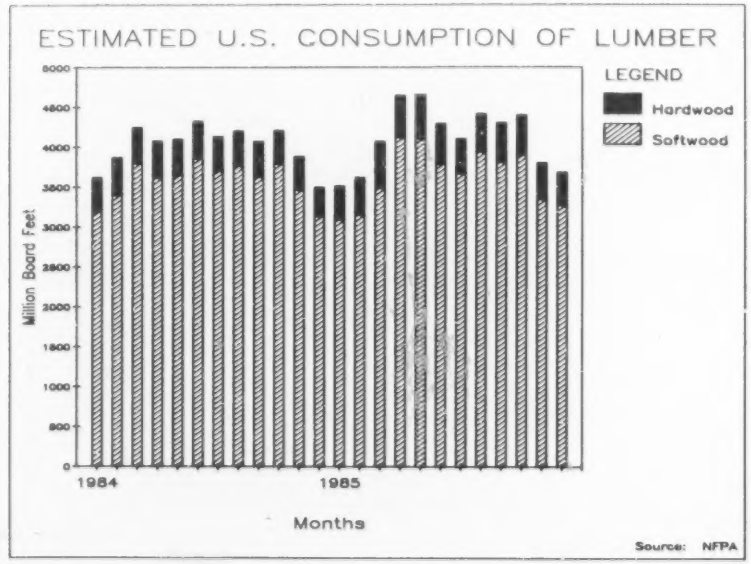
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		% Change From			% Change From	
LUMBER REGION	Dec. '85	Nov. '85	Dec.' '84	Dec. '85	Nov. '85	Dec.' '84
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	9,756	-3.7%	-6.7%	10,477	2.0%	0.0%
Douglas Fir	7,911	2.9%	19.5%	8,454	10.0%	20.1%
Western Pine	9,836	0.5%	21.7%	10,604	8.5%	16.4%
Calif. Redwood	1,427	-18.8%	-2.0%	1,812	0.8%	-3.8%
Other Softwoods	1,437	-3.6%	9.0%	1,540	2.8%	9.4%
TOTAL SOFTWOODS	30,368	-1.5%	8.7%	32,886	6.0%	9.9%
TOTAL HARDWOODS	5,456	-13.1%	-6.3%	5,686	-7.5%	-1.4%
TOTAL LUMBER	35,823	-3.5%	6.1%	38,572	3.9%	8.1%

U.S. LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Dec. '85	Nov. '85	Dec.' '84	Dec. '85	Nov. '85
	(Million Board Feet)				
Total Consumption	3,692	-3.8%	4.1%	49,941	2.6%
Softwood Consumption	3,272	-2.5%	4.7%	43,657	1.9%
Hardwood Consumption	421	-12.9%	-0.4%	6,283	8.4%

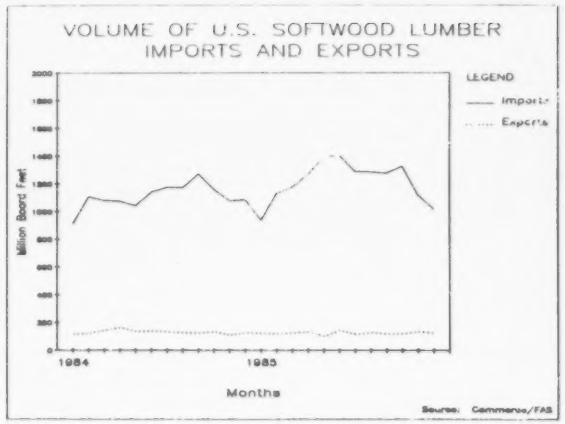


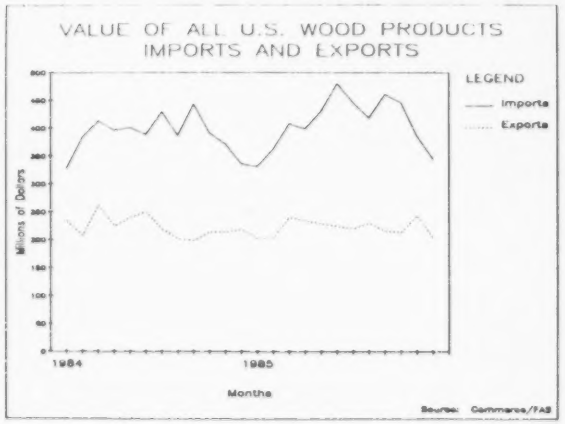


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE ($000)			
		Dec. '85	12 mo. 1985	% Change From Nov. '85	% Change From 12 mo. 1984	Dec. '85	12 mo. 1985	% Change From Nov. '85	% Change From 12 mo. 1984
EXPORTS									
SOFTWOOD LUMBER	MMBF	126.6	1,515.4	-7.1%	-5.2%	40,707	496,270	-10.0%	-7.0%
To Canada	MMBF	18.8	298.9	-16.7%	-11.0%	4,478	74,351	-18.9%	-6.5%
SOFTWOOD LOGS	MMBF	274.8	3,732.0	-15.4%	10.8%	82,651	1,169,133	-21.7%	8.3%
SOFTWOOD PLYWOOD	MMSF 3/8"	45.5	321.6	12.1%	-13.2%	10,047	75,220	7.6%	-13.1%
HARDWOOD LUMBER	MMBF	28.3	397.1	-19.3%	-14.9%	18,680	247,591	-11.0%	-12.2%
HARDWOOD LOGS	MMBF	8.7	111.2	2.9%	-49.7%	9,126	91,148	15.1%	-14.4%
HARDWOOD VENEER	MMSFsurf	44.6	792.7	-57.7%	-21.9%	3,745	62,248	-48.4%	-24.2%
PARTICLEBOARD	MMSF 3/4"	10.4	118.8	-24.2%	9.6%	2,530	24,168	-7.9%	-7.7%
ALL OTHER		NA	NA	NA	NA	35,153	481,182	-20.5%	2.9%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	203,352	2,663,565	-16.7%	-0.9%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,014.4	14,607.8	-9.1%	10.1%	194,831	2,890,650	-10.7%	8.2%
From Canada	MMBF	998.2	14,507.6	-9.2%	9.7%	193,135	2,870,864	-9.9%	8.0%
SOFTWOOD LOGS	MMBF	1.5	70.8	-84.1%	-39.4%	443	16,854	-75.6%	15.2%
SOFTWOOD PLYWOOD	MMSF 3/8"	7.0	87.3	9.3%	18.8%	1,962	21,789	-8.2%	32.2%
HARDWOOD LUMBER	MMBF	23.0	363.6	-18.3%	10.9%	11,707	180,290	-1.9%	4.3%
HARDWOOD LOGS	MMBF	3.1	28.4	83.5%	-5.6%	386	3,776	-11.5%	-20.3%
HARDWOOD VENEER	MMSFsurf	94.5	1,398.0	-25.0%	-7.0%	7,540	101,782	-13.9%	-17.3%
HARDWOOD PLYWOOD	MMSF 3/8"	230.5	3,522.0	-8.9%	18.1%	31,695	440,842	-1.6%	4.5%
HARDBOARD	MMSFsurf	67.9	782.4	-3.4%	242.2%	4,133	51,992	-5.1%	15.3%
PARTICLEBOARD	MSF 3/4"	42.0	565.2	-18.5%	9.1%	11,424	141,702	-14.3%	7.5%
ALL OTHER		NA	NA	NA	NA	80,369	1,055,841	-12.8%	-0.2%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	344,685	4,909,580	-10.5%	5.2%

Note: Volume total is not possible because the products are in different units of measure.





CONSTRUCTION AND HOUSING STATISTICS

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
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	(Billions of Dollars)				
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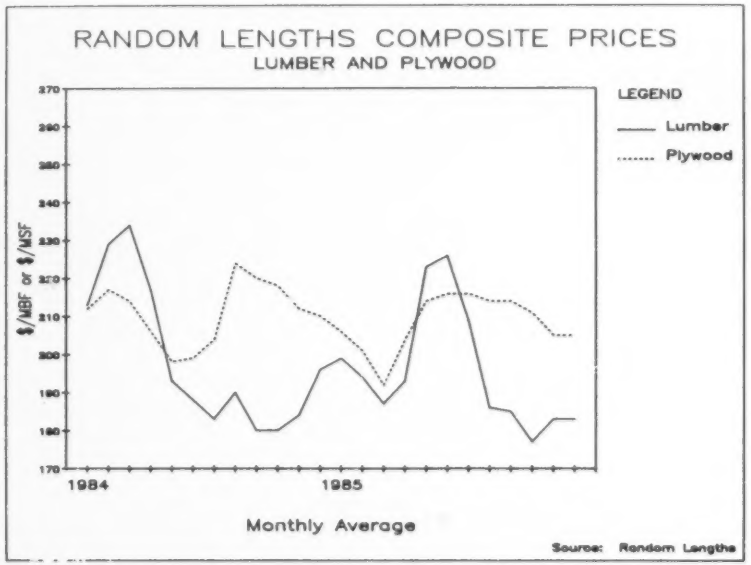
Private	24.7	-4.6%	9.3%	257.6	9.7%
Residential	12.9	-7.2%	7.5%	137.1	7.9%
Nonresidential & Other	11.8	-1.7%	11.3%	120.5	11.9%
Public	5.6	-9.7%	14.3%	58.2	12.7%
	Nov.'85	Oct. '85	Nov. '84	11 mo.'85	11 mo.'84
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	120.9	-29.7%	22.1%	1,619.9	-7.6%
New Private Starts	120.9	-30.1%	22.2%	1,732.7	-0.8%
Seas. Adj. Annual Rate	1566	-11.6%	-3.9%		
One-Family Housing Starts	72.0	-31.5%	14.6%	1,070.5	-1.1%
Proportion of Total	59.6%			66.1%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	20,900	-24.5%	-4.1%	266,700	-4.2%

EMPLOYMENT STATISTICS

	% Change From		
	Nov. '85	Oct. '85	Nov. '84
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	98,739	0.2%	3.2%
All Manufacturing Industries	19,375	0.2%	-2.2%
Lumber and Wood Products	712	0.6%	-0.7%
Furniture and Fixtures	496	0.0%	0.2%



03/03/86

TABLE 1

ESTIMATED TOTAL REGIONAL LUMBER PRODUCTION, SHIPMENTS, AND NEW ORDERS

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	APPALACHIAN HARDWOOD	OTHER HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
PRODUCTION											
1975	6,967	7,134	8,445	1,690	1,475	25,711	2,761	1,109	2,002	5,872	31,583
1976	7,893	8,322	9,789	2,001	1,688	29,693	3,037	1,173	2,217	6,427	36,120
1977	8,879	8,796	10,309	2,000	1,753	31,737	3,073	1,211	2,417	6,701	38,438
1978	9,231	8,845	10,033	1,902	2,046	32,057	3,258	1,233	2,540	7,031	39,088
1979	9,283	8,427	9,780	1,818	2,124	31,432	3,462	1,263	2,589	7,314	38,746
1980	8,217	6,815	7,613	1,589	2,012	26,246	3,341	1,221	2,553	7,115	33,361
1981	8,415	6,270	7,147	1,452	1,392	24,676	3,374	1,237	1,641	6,252	30,928
1982	8,754	5,743	6,681	1,300	1,309	23,787	2,061	602	2,398	5,062	28,849
1983*											
1ST QUARTER	2,444	2,025	1,933	419	373	7,194	488	204	596	1,288	8,482
2ND QUARTER	2,658	2,094	2,187	405	402	7,746	500	184	590	1,274	9,020
3RD QUARTER	2,636	1,938	2,262	382	395	7,613	632	207	725	1,564	9,177
4TH QUARTER	2,443	1,877	2,106	374	373	7,173	625	190	703	1,518	8,691
TOTAL YEAR	10,181	7,934	8,488	1,580	1,543	29,726	2,245	785	2,614	5,644	35,370
1984*											
1ST QUARTER	2,620	2,337	2,252	435	391	8,035	660	220	677	1,557	9,592
2ND QUARTER	2,787	2,264	2,429	444	404	8,328	665	245	701	1,611	9,939
3RD QUARTER	2,692	1,985	2,213	407	373	7,670	714	199	702	1,615	9,285
4TH QUARTER	2,575	1,743	2,098	378	347	7,141	662	147	624	1,433	8,574
TOTAL YEAR	10,674	8,329	8,992	1,664	1,515	31,174	2,701	811	2,704	6,216	37,390
1985*											
1ST QUARTER	2,485	1,862	1,990	451	346	7,134	700	211	701	1,612	8,746
2ND QUARTER	2,914	1,906	2,382	454	391	8,047	770	239	777	1,786	9,833
3RD QUARTER	2,735	1,927	2,514	448	390	8,014	724	185	701	1,610	9,624
4TH QUARTER	2,517	1,925	2,299	389	365	7,495	700	128	638	1,466	8,961
TOTAL YEAR	10,651	7,620	9,185	1,742	1,492	30,690	2,894	763	2,817	6,474	37,164
SHIPMENTS											
1975	7,142	7,196	8,519	1,625	1,488	25,970	2,727	1,095	1,977	5,799	31,769
1976	7,782	8,293	9,744	2,044	1,679	29,542	3,032	1,171	2,214	6,417	35,959
1977	8,932	8,781	10,295	2,075	1,759	31,842	3,114	1,225	2,450	6,789	38,631
1978	9,226	8,906	10,067	1,884	2,051	32,134	3,248	1,230	2,530	7,008	39,142
1979	9,255	8,412	9,696	1,760	2,111	31,234	3,326	1,216	2,487	7,029	38,263
1980	8,018	6,821	7,807	1,590	2,012	26,248	3,119	1,142	2,387	6,648	32,896
1981	8,388	6,270	7,183	1,501	1,395	24,737	3,313	1,182	1,602	6,097	30,834
1982	8,464	5,793	6,775	1,349	1,303	23,684	2,127	634	2,488	5,249	28,935
1983*											
1ST QUARTER	2,442	1,827	1,830	364	354	6,817	527	227	650	1,404	8,221
2ND QUARTER	2,695	2,154	2,187	419	409	7,864	554	217	665	1,436	9,300
3RD QUARTER	2,631	1,925	2,151	410	391	7,508	626	205	716	1,547	9,055
4TH QUARTER	2,446	1,896	2,096	389	374	7,201	605	180	677	1,462	8,663
TOTAL YEAR	10,214	7,802	8,264	1,582	1,528	29,390	2,312	829	2,708	5,849	35,239
1984*											
1ST QUARTER	2,527	2,196	2,126	421	372	7,642	658	218	673	1,549	9,191
2ND QUARTER	2,780	2,263	2,395	440	402	8,280	653	238	686	1,577	9,857
3RD QUARTER	2,718	2,038	2,284	415	381	7,836	671	160	654	1,505	9,341
4TH QUARTER	2,549	1,912	2,209	397	361	7,428	632	138	593	1,363	8,791
TOTAL YEAR	10,574	8,409	9,014	1,673	1,516	31,186	2,614	774	2,606	5,994	37,180
1985*											
1ST QUARTER	2,418	1,807	1,899	385	332	6,841	698	210	699	1,607	8,448
2ND QUARTER	2,972	2,012	2,422	495	403	8,304	747	226	750	1,723	10,027
3RD QUARTER	2,705	1,890	2,525	438	386	7,944	695	172	668	1,535	9,479
4TH QUARTER	2,501	1,916	2,301	394	364	7,476	696	127	634	1,457	8,933
TOTAL YEAR	10,596	7,625	9,147	1,712	1,485	30,565	2,836	735	2,751	6,322	36,887
NEW ORDERS											
1975	7,251	7,430	8,665	1,702	1,583	26,631	2,745	1,104	1,991	5,840	32,471
1976	7,779	8,377	9,760	2,067	1,687	29,670	3,015	1,165	2,200	6,380	36,050
1977	8,970	8,712	10,331	2,119	1,762	31,894	3,163	1,244	2,488	6,895	38,789
1978	9,273	8,894	9,946	1,847	2,043	32,003	3,288	1,239	2,560	7,087	39,090
1979	9,273	8,388	9,630	1,664	2,098	31,053	3,250	1,184	2,429	6,863	37,916
1980	7,964	6,791	7,730	1,563	1,996	26,044	3,060	1,118	2,338	6,516	32,560
1981	8,433	6,200	7,076	1,501	1,387	24,597	3,341	1,198	1,617	6,156	30,753
1982	8,510	5,976	6,880	1,388	1,325	24,079	2,123	650	2,495	5,268	29,335
1983*											
1ST QUARTER	2,582	1,916	1,927	342	370	7,137	522	225	644	1,391	8,528
2ND QUARTER	2,659	2,102	2,197	403	403	7,764	557	218	669	1,444	9,208
3RD QUARTER	2,621	1,914	2,163	416	389	7,503	629	207	721	1,557	9,060
4TH QUARTER	2,555	1,932	2,063	412	382	7,344	636	184	707	1,527	8,871
TOTAL YEAR	10,417	7,864	8,350	1,573	1,544	29,748	2,344	834	2,741	5,919	35,667
1984*											
1ST QUARTER	2,426	2,346	2,173	401	375	7,721	694	228	709	1,631	9,352
2ND QUARTER	2,752	2,072	2,311	397	385	7,917	599	235	643	1,477	9,394
3RD QUARTER	2,694	2,055	2,325	426	383	7,883	648	175	634	1,457	9,340
4TH QUARTER	2,470	1,823	2,202	416	353	7,264	642	139	602	1,383	8,647
TOTAL YEAR	10,342	8,296	9,011	1,640	1,496	30,785	2,583	777	2,588	5,948	36,733
1985*											
1ST QUARTER	2,372	1,826	1,905	395	332	6,830	724	210	718	1,652	8,482
2ND QUARTER	2,982	1,987	2,508	505	409	8,391	723	220	727	1,670	10,061
3RD QUARTER	2,797	1,898	2,486	399	387	7,967	705	177	679	1,561	9,528
4TH QUARTER	2,479	1,881	2,274	400	360	7,394	689	125	626	1,440	8,834
TOTAL YEAR	10,630	7,592	9,173	1,699	1,488	30,582	2,841	732	2,750	6,323	36,905

* SUBJECT TO REVISION.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

03/03/86

TABLE 2

ESTIMATED REGIONAL SOURCES OF DOMESTIC CONSUMPTION OF LUMBER (NET IMPORTS ALLOCATED)

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
1975	7,075	9,561	9,220	1,588	2,865	30,309	2,722	3,069	5,791	36,100
1976	7,641	12,069	10,820	1,981	3,575	36,086	3,054	3,387	6,441	42,527
1977	8,774	14,081	11,626	2,026	4,302	40,809	3,158	3,732	6,890	47,699
1978	9,096	15,133	11,559	1,849	5,003	42,640	3,242	3,755	6,997	49,637
1979	9,060	14,248	10,553	1,729	5,018	40,608	3,342	3,597	6,939	47,547
1980	7,757	11,461	8,509	1,563	4,542	33,832	3,028	3,244	6,272	40,104
1981	8,177	10,828	7,760	1,463	3,836	32,064	3,202	2,653	5,855	37,919
1982	8,232	10,381	7,316	1,327	3,917	31,173	2,031	3,066	5,098	36,270
1983*										
1ST QUARTER	2,442	3,290	1,982	359	1,150	9,223	487	810	1,297	10,520
2ND QUARTER	2,698	3,695	2,333	413	1,300	10,439	505	806	1,311	11,750
3RD QUARTER	2,644	3,638	2,296	403	1,273	10,254	572	858	1,430	11,684
4TH QUARTER	2,449	3,486	2,237	383	1,271	9,826	558	802	1,360	11,186
TOTAL YEAR	10,233	14,108	8,848	1,558	4,995	39,742	2,121	3,276	5,397	45,138
1984*										
1ST QUARTER	2,488	3,854	2,264	416	1,308	10,350	636	854	1,490	11,840
2ND QUARTER	2,727	3,965	2,564	425	1,405	11,085	624	908	1,532	12,617
3RD QUARTER	2,682	4,070	2,430	410	1,466	11,058	645	805	1,450	12,508
4TH QUARTER	2,505	3,782	2,329	393	1,355	10,363	613	711	1,323	11,687
TOTAL YEAR	10,402	15,672	9,606	1,643	5,534	42,857	2,518	3,277	5,795	48,652
1985*										
1ST QUARTER	2,381	3,640	2,002	382	1,304	9,708	696	914	1,610	11,318
2ND QUARTER	2,928	4,343	2,582	491	1,643	11,987	742	983	1,726	13,713
3RD QUARTER	2,665	4,127	2,663	434	1,527	11,418	685	830	1,515	12,932
4TH QUARTER	2,458	3,831	2,426	389	1,440	10,544	678	755	1,433	11,977
TOTAL YEAR	10,432	15,941	9,674	1,696	5,914	43,657	2,801	3,482	6,283	49,941

* SUBJECT TO REVISION

** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHERS.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

03/03/86

TABLE 3

IMPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	OTHER FIR	HEMLOCK	SPRUCE	PINE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES (SAWED)	TOTAL LUMBER
1975	477.0	56.8	726.2	2,989.0	1,033.3	328.3	6.0	94.8	5,711.4	224.1	12.4	5,947.9
1976	744.2	91.3	1,083.8	4,116.0	1,305.4	480.2	8.7	121.2	7,950.8	228.3	8.2	8,187.3
1977	990.7	299.4	1,219.2	5,361.6	1,795.5	537.7	22.2	154.0	10,380.3	341.1	7.4	10,728.8
1978	976.2	508.9	1,219.8	6,312.9	1,916.9	657.5	41.8	190.6	11,824.6	361.4	12.3	12,198.3
1979	827.3	588.3	912.3	6,740.4	1,182.5	637.8	35.4	193.7	11,117.7	376.2	29.3	11,523.2
1980	559.0	440.8	627.8	6,167.9	1,023.9	543.4	20.7	156.6	9,540.1	293.2	31.3	9,864.6
1981	483.3	534.7	467.0	6,010.7	941.7	574.4	17.0	175.9	9,204.7	291.1	24.9	9,520.7
1982	504.3	460.7	293.9	6,341.2	801.6	539.0	28.8	149.4	9,118.9	211.0	26.2	9,356.0
1983												
1ST QUARTER	137.7	149.8	108.5	1,955.7	226.8	170.4	8.5	54.0	2,811.4	55.4	1.6	2,868.4
2ND QUARTER	132.5	181.0	85.0	2,148.9	240.0	157.9	24.0	61.7	3,031.0	61.0	4.0	3,096.1
3RD QUARTER	184.3	225.9	123.6	2,081.1	234.0	178.2	28.0	67.5	3,122.7	63.6	3.8	3,190.0
4TH QUARTER	145.8	152.0	99.5	2,168.7	219.0	157.6	13.0	56.8	3,012.3	80.5	3.2	3,095.9
TOTAL YEAR	600.3	708.6	416.7	8,354.4	919.8	664.1	73.5	239.9	11,977.4	260.5	12.5	12,250.4
1984												
1ST QUARTER	140.1	151.1	135.0	2152.8	240.7	190.9	9.4	75.6	3095.6	85.7	3.1	3184.4
2ND QUARTER	137.1	168.6	96.8	2390.5	251.8	136.3	9.0	59.3	3249.4	87.1	6.6	3343.1
3RD QUARTER	147.5	264.4	140.5	2551.2	225.8	200.9	8.9	72.8	3612.0	73.9	8.0	3693.9
4TH QUARTER	178.2	181.0	142.6	2377.0	183.4	176.1	7.7	67.3	3313.2	81.0	6.5	3400.7
TOTAL YEAR	603.0	765.1	514.9	9471.4	901.6	704.1	35.0	275.0	13270.2	327.7	24.2	13622.2
1985												
1ST QUARTER	154.6	199.1	171.1	2257.0	165.8	210.2	26.9	66.9	3241.6	105.9	3.2	3350.7
2ND QUARTER	205.9	200.0	185.6	2907.4	237.8	233.3	10.2	89.2	4069.3	96.1	11.8	4177.2
3RD QUARTER	247.4	236.0	151.0	2685.4	215.0	203.7	14.0	89.3	3841.8	85.3	7.7	3934.8
4TH QUARTER	157.1	166.8	136.2	2543.6	198.6	160.7	16.0	76.1	3455.1	76.3	5.1	3536.4
TOTAL YEAR	765.1	791.8	643.9	10,393.4	817.2	807.9	67.1	321.5	14,607.8	363.6	27.7	14,999.1

EXPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS												
	DOUGLAS FIR	SOUTHERN PINE	PONDEROSA/ WHITE PINE	REDWOOD	HEMLOCK	SPRUCE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES \4 (SAWED)	TOTAL \5 LUMBER
1975	505.1	67.5	177.0	37.4	317.5	158.8	35.7	74.2	----	1,373.2	165.3	75.6	1,614.1
1976	571.7	141.4	214.0	61.3	294.2	165.5	60.7	75.7	----	1,584.5	225.5	30.9	1,840.9
1977	488.3	157.8	195.0	48.1	264.2	150.7	61.3	47.0	----	1,412.4	226.1	19.2	1,657.7
1978	456.9	130.5	136.9	34.3	272.5	135.4	59.2	120.1	23.1	1,368.9	320.1	25.8	1,714.8
1979	505.4	195.1	147.7	30.1	463.7	151.1	56.0	179.4	16.2	1,744.7	306.6	90.5	2,141.8
1980	520.8	261.4	168.1	27.3	511.2	136.4	62.0	248.6	20.2	1,956.0	378.6	128.3	2,462.9
1981	509.0	211.2	223.8	37.7	390.2	141.4	66.9	280.6	16.8	1,877.6	405.7	88.8	2,372.1
1982	457.2	231.8	140.8	22.5	391.7	124.9	40.5	206.0	14.8	1,630.2	356.2	34.4	2,020.8
1983													
1ST QUARTER	134.3	54.1	40.8	5.0	95.2	35.2	11.8	54.8	2.7	434.0	100.5	9.2	543.7
2ND QUARTER	170.2	57.0	57.5	6.4	95.0	27.2	12.8	58.2	2.9	487.2	121.0	16.4	624.6
3RD QUARTER	121.6	46.3	53.6	6.6	86.2	28.1	12.0	50.8	2.0	407.2	126.0	10.6	543.8
4TH QUARTER	133.1	51.0	45.4	6.1	99.8	23.3	10.2	44.1	3.1	416.1	130.8	11.1	557.9
TOTAL YEAR	559.3	208.4	197.3	24.0	376.2	113.9	46.8	207.8	10.8	1,744.5	478.2	47.2	2,269.9
1984													
1ST QUARTER	136.8	39.1	46.9	5.5	77.8	24.9	10.7	42.8	2.9	387.5	117.4	30.9	535.9
2ND QUARTER	159.3	53.5	45.0	15.1	81.8	19.8	10.1	56.0	3.8	444.2	129.3	9.4	582.9
3RD QUARTER	131.7	35.7	46.0	5.2	84.8	25.6	9.7	47.8	3.1	389.7	112.4	24.6	526.7
4TH QUARTER	104.3	44.1	36.3	4.4	93.1	27.7	8.7	56.1	3.3	377.9	107.4	19.7	505.0
TOTAL YEAR	532.1	172.4	174.1	30.1	337.4	98.1	39.2	202.7	13.1	1599.3	466.5	84.6	2150.4
1985													
1ST QUARTER	117.5	37.0	37.8	3.4	101.5	21.1	6.3	47.0	2.8	374.4	102.7	3.6	480.7
2ND QUARTER	130.4	44.4	42.1	3.8	83.2	17.2	7.0	55.2	2.8	385.9	97.3	7.7	490.9
3RD QUARTER	113.2	39.5	44.4	3.5	78.2	14.2	6.4	65.5	3.1	368.1	96.3	17.1	481.4
4TH QUARTER	114.4	43.5	43.4	5.0	101.5	8.4	7.8	61.0	1.9	387.0	100.8	4.5	492.3
TOTAL YEAR	475.6	164.4	167.7	15.7	364.4	60.8	27.4	228.7	10.6	1,515.4	397.1	32.9	1,945.3

1. Sawed timber, board planks and scantlings, flooring, box shook and railroad ties.
2. Includes siding and softwood lumber drilled or treated. Beginning 1978 includes siding and flooring. For exports, figures not availa prior to 1978.
3. Includes hardwood flooring, siding and hardwood lumber drilled or treated.
4. Includes a small amount of hewn railroad ties. Beginning with 1978 includes mine timber.
5. Includes box shook: 1973 - 4.4 mbf; 1974 - 6.1 mbf; 1975 - 4.1 mbf; 1976 - 6.0 mbf; 1977 - 5.8 mbf. Beginning with 1978 box shook is reported in appropriate species.

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

SOURCE: Foreign Agricultural Service, U.S. Department of Agriculture; Forest Products Division, BIE, U.S. DOC, from data of the Foreign Trade Division, Bureau of Census.

03/03/86

TABLE 4

ESTIMATED GROSS MILL STOCKS OF LUMBER AND UNFILLED ORDERS FOR LUMBER BY REGION

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
GROSS MILL STOCKS										
DECEMBER 31ST										
1975	1,134	920	1,270	477	262	4,063	448	427	875	4,938
1976	1,245	949	1,315	434	271	4,214	453	432	885	5,099
1977	1,192	964	1,329	359	265	4,109	412	385	797	4,906
1978	1,197	903	1,295	377	260	4,032	422	398	820	4,852
1979	1,225	918	1,379	435	273	4,230	558	547	1,105	5,335
1980	1,424	912	1,185	434	273	4,228	780	792	1,572	5,800
1981	1,451	912	1,149	385	269	4,166	841	886	1,727	5,893
1982	1,741	862	1,055	336	275	4,269	775	764	1,539	5,808
1983*										
1ST QUARTER	1,743	1,060	1,158	391	295	4,647	736	687	1,423	6,070
2ND QUARTER	1,706	1,000	1,158	377	288	4,529	682	579	1,261	5,790
3RD QUARTER	1,711	1,013	1,269	349	292	4,634	688	590	1,278	5,912
4TH QUARTER	1,708	994	1,279	334	291	4,606	708	626	1,334	5,940
1984*										
1ST QUARTER	1,801	1,135	1,405	348	310	4,999	710	632	1,342	6,341
2ND QUARTER	1,808	1,136	1,439	352	312	5,047	722	654	1,376	6,423
3RD QUARTER	1,782	1,083	1,368	344	304	4,881	765	721	1,486	6,367
4TH QUARTER	1,808	914	1,257	325	290	4,594	795	761	1,556	6,150
1985*										
1ST QUARTER	1,875	969	1,348	391	304	4,887	797	969	1,766	6,653
2ND QUARTER	1,817	863	1,308	350	292	4,630	820	982	1,829	6,459
3RD QUARTER	1,847	900	1,297	360	296	4,700	849	990	1,904	6,604
4TH QUARTER	1,863	909	1,295	355	297	4,719	853	1,009	1,913	6,632
ESTIMATED UNFILLED ORDERS										
DECEMBER 31ST										
1975	453	550	538	204	256	2,001	260	177	437	2,438
1976	450	634	554	227	264	2,129	243	157	400	2,529
1977	488	565	590	271	267	2,181	292	214	506	2,687
1978	535	553	469	234	259	2,050	332	253	585	2,635
1979	553	529	403	138	246	1,869	256	163	419	2,288
1980	499	499	326	111	230	1,665	197	90	287	1,952
1981	544	429	219	111	220	1,523	225	121	346	1,869
1982	590	612	324	150	242	1,918	221	144	365	2,283
1983*										
1ST QUARTER	730	701	421	128	258	2,238	216	136	352	2,590
2ND QUARTER	694	649	431	112	252	2,138	219	141	360	2,498
3RD QUARTER	684	638	443	118	250	2,133	222	148	370	2,503
4TH QUARTER	793	674	410	141	258	2,276	253	182	435	2,711
1984*										
1ST QUARTER	692	824	457	121	261	2,355	289	228	517	2,872
2ND QUARTER	664	633	373	78	244	1,992	235	182	417	2,409
3RD QUARTER	640	650	414	89	246	2,039	212	157	369	2,408
4TH QUARTER	561	561	407	108	238	1,875	222	167	389	2,264
1985*										
1ST QUARTER	515	580	413	118	238	1,864	248	169	417	2,281
2ND QUARTER	525	555	499	128	244	1,951	224	160	364	2,315
3RD QUARTER	617	563	460	89	245	1,974	234	159	390	2,364
4TH QUARTER	595	528	433	95	241	1,892	227	140	373	2,265
UNFILLED ORDERS IN RELATION TO GROSS MILL STOCKS (Unfilled Orders As Percentage of Mill Stocks)										
1975	40%	60%	42%	43%	98%	49%	58%	41%	50%	49%
1976	36%	67%	42%	52%	97%	51%	54%	36%	45%	50%
1977	41%	59%	44%	75%	101%	53%	71%	56%	63%	55%
1978	45%	61%	36%	62%	100%	51%	79%	64%	71%	54%
1979	45%	58%	29%	32%	90%	44%	46%	30%	38%	43%
1980	35%	55%	28%	26%	84%	39%	25%	11%	18%	34%
1981	37%	47%	19%	29%	82%	37%	27%	14%	20%	32%
1982	34%	71%	31%	45%	88%	45%	29%	19%	24%	39%
1983*										
1ST QUARTER	42%	66%	36%	33%	87%	48%	29%	20%	25%	43%
2ND QUARTER	41%	65%	37%	30%	88%	47%	32%	24%	29%	43%
3RD QUARTER	40%	63%	35%	34%	86%	46%	32%	25%	29%	42%
4TH QUARTER	46%	68%	32%	42%	89%	49%	36%	29%	33%	46%
1984*										
1ST QUARTER	38%	73%	33%	35%	84%	47%	41%	36%	39%	45%
2ND QUARTER	37%	56%	26%	22%	78%	39%	33%	28%	30%	38%
3RD QUARTER	36%	60%	30%	26%	81%	42%	28%	22%	25%	38%
4TH QUARTER	31%	61%	32%	33%	82%	41%	28%	22%	25%	37%
1985*										
1ST QUARTER	27%	60%	31%	30%	78%	38%	31%	17%	24%	34%
2ND QUARTER	29%	64%	38%	37%	84%	42%	27%	16%	20%	36%
3RD QUARTER	33%	63%	35%	25%	83%	42%	28%	16%	20%	36%
4TH QUARTER	32%	58%	33%	27%	81%	40%	27%	14%	19%	34%

* SUBJECT TO REVISION.

** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHER.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

Figure 1: Consumption of softwood lumber in the United States climbed to a new record in 1985 -- to nearly 43.7 billion board feet. The market share accounted for by imports from Canada also set a new record at 33.2 percent.

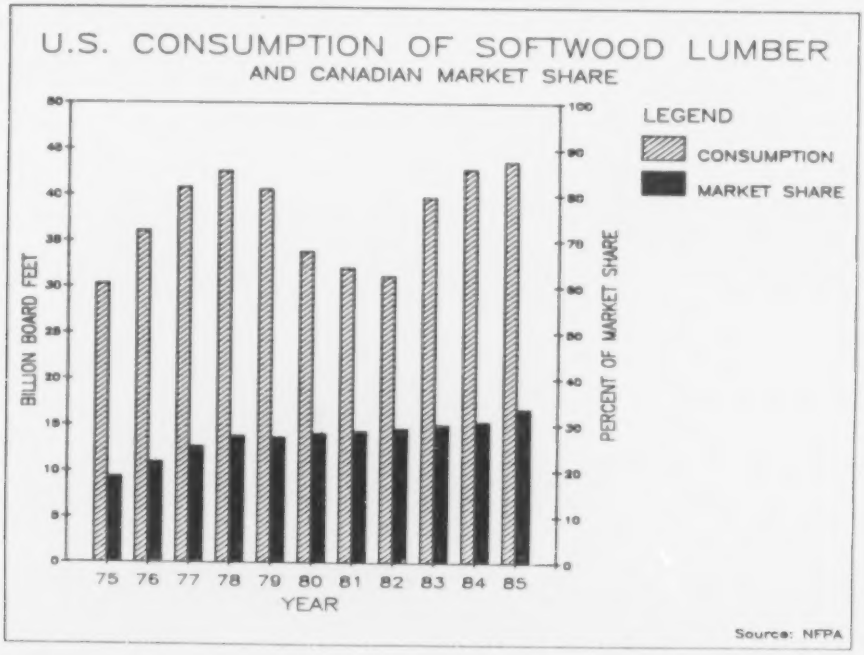


Figure 2: On the National Forests, two factors are bringing uncut volume under contract to historic norms: (1) volume retianed under the buyout (Timber Contract Modification Act); and (2) improving market demand, which drives harvests above sales levels.

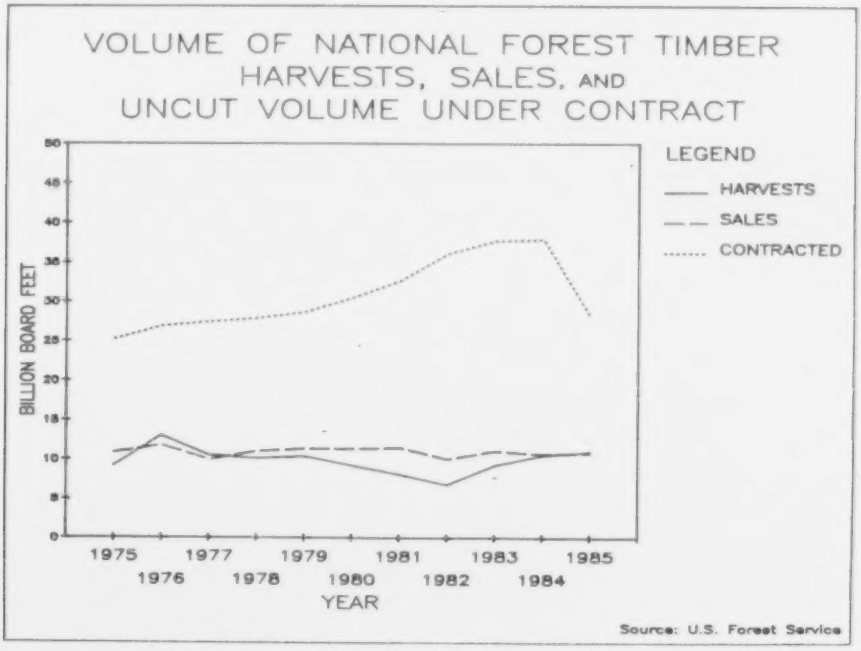
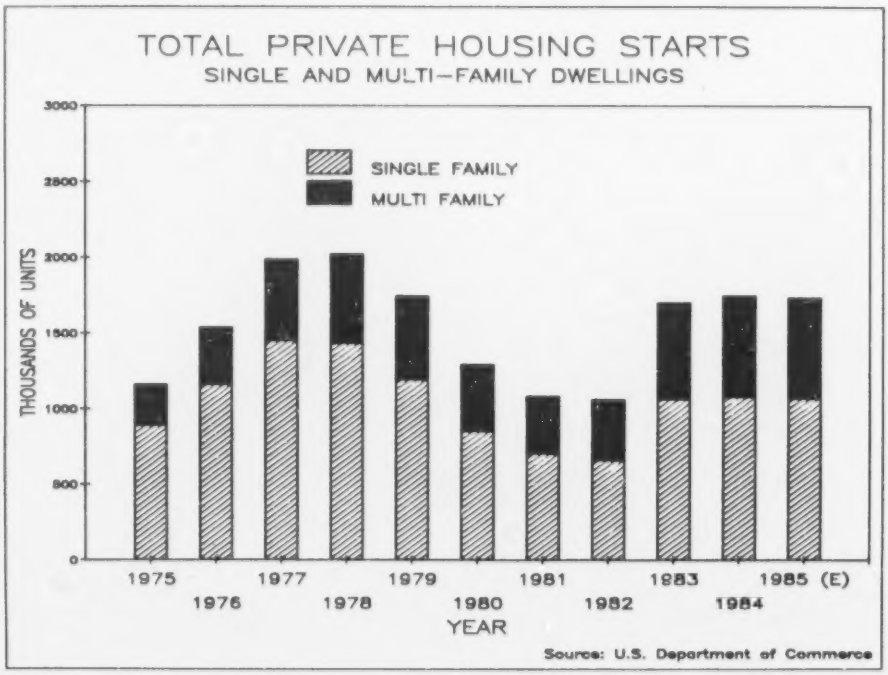


Figure 3: Housing starts in 1985 totaled 1.74 million units, the third year in a row of over 1.7 million units. Not since the 1977 - 1979 period have housing starts experienced a better three year period.

Figure 4: The value of U.S. wood products exports in 1985 totaled $2,663,565,000. Wood products exports have remained remarkably strong despite the appreciation in the dollar. Despite a weakening of the dollar during 1985, the weighted average exchange rate for the dollar was, on average, 65 percent higher than in 1980.



NOTE

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National Technical Information Service
U.S. Department of Commerce
Springfield, VA 22161

A7870-3

National Forest Products Association
1619 Massachusetts Avenue, N.W./Washington, D.C. 20036/202-797-5800

April 15, 1986

A Note to Our Readers:

The National Forest Products Association has moved its offices. The new address and phone number are:

National Forest Products Association
1250 Connecticut Avenue, NW
Washington, DC 20036
(202) 463-2700

Because of the move, the production of the NFPA Economics Monthly was temporarily disrupted. As a result, we do not have a lead story for this month. However, the statistics are available; attached is the statistical insert with data for January.

We apologize for this. Please be assured that normal production will resume with April's issue.

For information about the Economics Monthly, please contact Julia Stewart at (202) 463-2714.

Pertinent Monthly Statistics

The United States exported $468,000 of wood products to Libya during 1985.

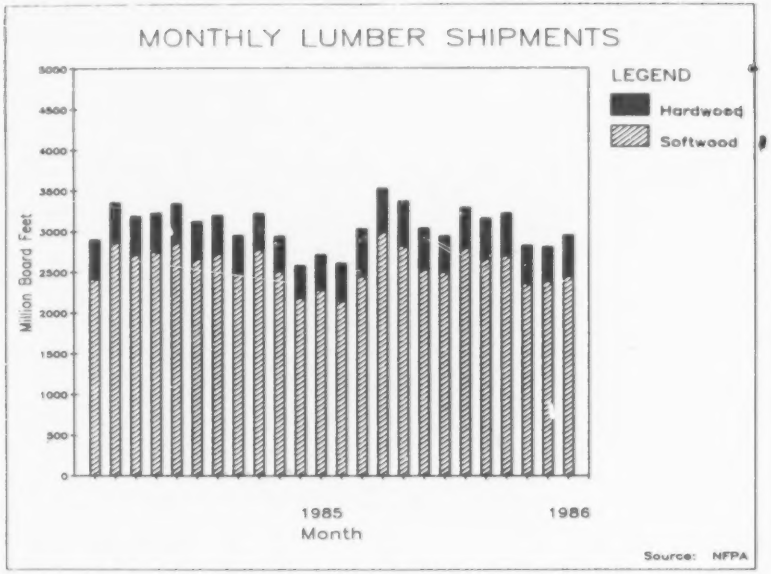
The annual rate of housing starts during the First Quarter, 1986 averaged 1.986 million units. This was 11 percent higher than last year.

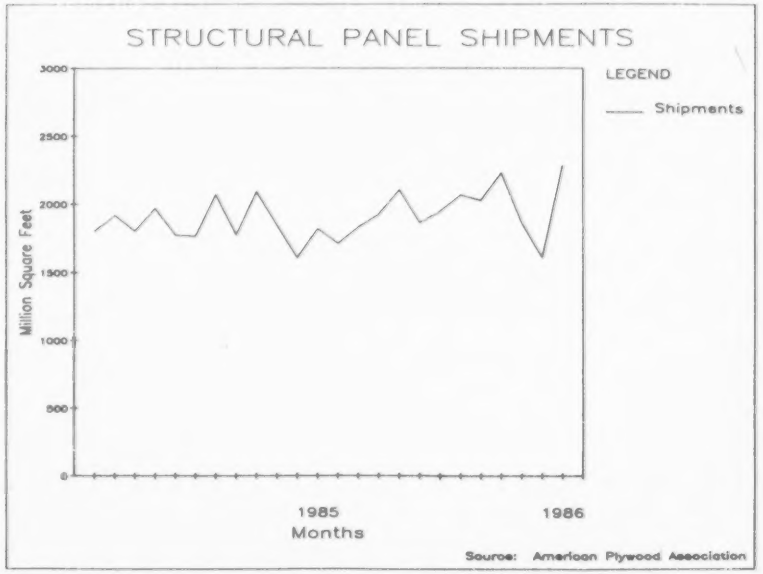
The Random Lengths Composite Price for soft-wood lumber averaged $226 during March. The peak monthly average last year was $223.

ECONOMICS MONTHLY
March, 1986

MONTHLY STATISTICS FOR THE WOOD PRODUCTS INDUSTRY

	ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION				
	JANUARY 1986			JANUARY 31, 1986	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	881	872	889	612	1,872
Douglas Fir Region	666	640	670	558	935
Western Pine Region	743	695	747	485	1,343
California Redwood Region	160	126	146	115	389
Other Softwoods	125	119	125	247	303
TOTAL SOFTWOODS	2,575	2,452	2,577	2,017	4,842
% Change - December 1985	14.8%	2.4%	8.7%	6.6%	2.6%
% Change - January 1985	9.6%	8.0%	12.7%	6.7%	3.6%
HARDWOOD LUMBER					
Southern Hardwood Region	250	244	267	250	859
Appalachian Hardwood Reg.	42	40	44	*	*
Other Hardwoods	225	219	239	170	1,068
TOTAL HARDWOODS	517	503	550	420	1,927
% Change - December 1985	20.2%	14.6%	31.9%	12.6%	0.7%
% Change - January 1985	5.9%	7.2%	17.0%	12.6%	8.3%
TOTAL LUMBER	3,092	2,955	3,127	2,437	6,769
% Change - December 1985	15.6%	4.3%	12.2%	7.6%	2.1%
% Change - January 1985	9.0%	7.8%	13.4%	7.6%	4.9%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	11,088	NA	5,796	4,735
Maple Flooring (Sq. Ft.)	1,044	766	708	2,261	2,395
STRUCTURAL PANELS	2,292,512	2,278,228	2,273,236	578,432	358,000
% Change - December 1985	36.5%	42.0%	36.0%	-0.2%	-17.5%
% Change - January 1985	19.1%	25.4%	22.3%	22.5%	-22.2%





YEAR-TO-DATE PRODUCTION, SHIPMENTS, AND ORDERS

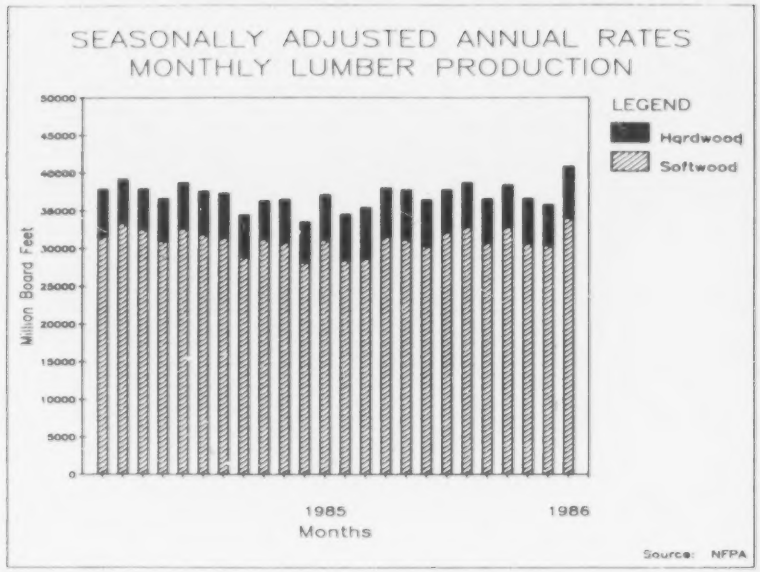
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	1 mos.'86	1 mos.'85	1 mos.'86	1 mos.'85	1 mos.'86	1 mos.'85
	(Million Board Feet)					
TOTAL LUMBER	3,092	9.0%	2,955	7.8%	3,127	13.4%
TOTAL SOFTWOOD	2,575	9.6%	2,452	8.0%	2,577	12.7%
TOTAL HARDWOOD	517	5.9%	503	7.2%	550	17.0%

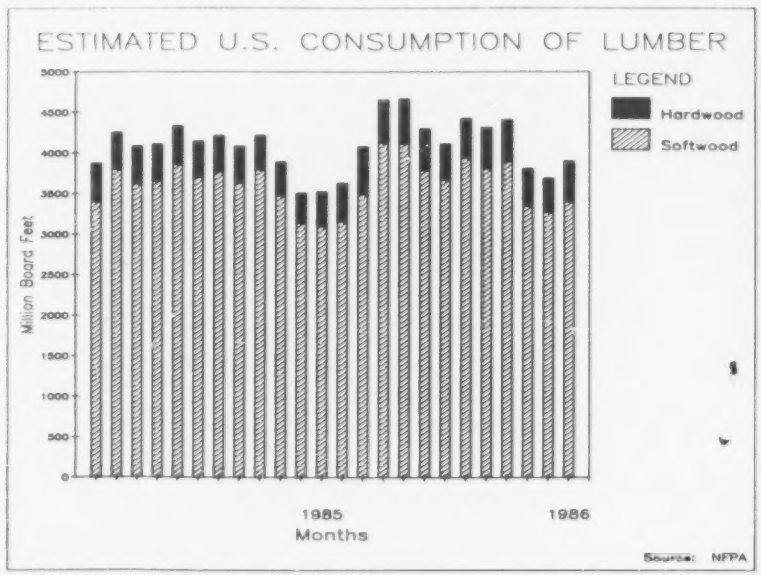
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Jan. '86	Dec. '85	Jan. '85	Jan. '86	Dec. '85	Jan. '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	11,128	12.4%	7.8%	11,227	5.7%	12.4%
Douglas Fir	8,369	5.8%	7.1%	8,384	-0.8%	4.6%
Western Pine	10,994	11.8%	15.9%	10,530	-0.7%	7.4%
Calif. Redwood	1,846	29.4%	3.2%	1,507	-16.8%	0.0%
Other Softwoods	1,647	14.6%	9.6%	1,651	7.2%	8.2%
TOTAL SOFTWOODS	33,984	11.4%	9.9%	33,300	0.8%	8.0%
TOTAL HARDWOODS	6,870	21.8%	5.9%	6,134	4.4%	7.2%
TOTAL LUMBER	40,854	13.0%	9.2%	39,435	1.4%	7.8%

U.S. LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Jan. '86	Dec. '85	Jan. '85	1 mos.'86	1 mos.'85
	(Million Board Feet)				
Total Consumption	3,903	5.7%	10.0%	3,903	10.0%
Softwood Consumption	3,401	3.9%	10.3%	3,401	10.3%
Hardwood Consumption	502	19.3%	8.2%	502	8.2%

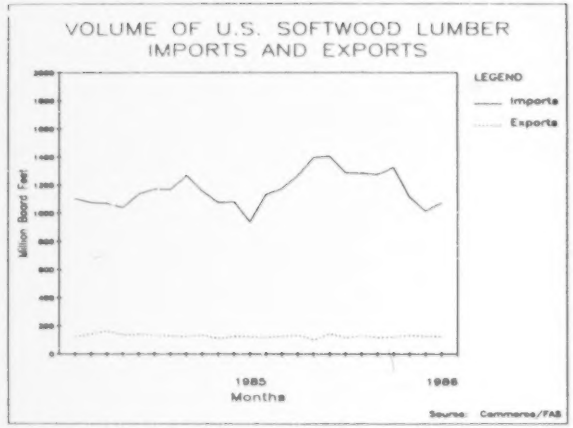


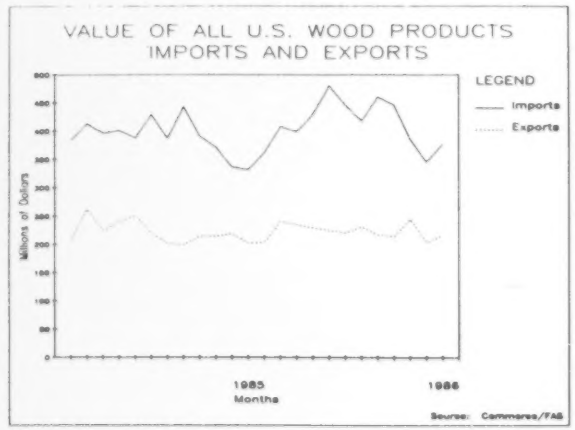


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE ($000)			
		Jan. '86	1 mo. 1986	% Change From Dec. '85	% Change From 1 mo. 1985	Jan. '86	1 mo. 1986	% Change From Dec. '85	% Change From 1 mo. 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	127.1	127.1	0.4%	2.3%	39,714	39,714	-2.4%	-3.6%
To Canada	MMBF	28.1	28.1	49.1%	45.9%	7,113	7,113	58.8%	39.7%
SOFTWOOD LOGS	MMBF	255.4	255.4	-7.0%	-8.5%	75,265	75,265	-8.9%	-8.8%
SOFTWOOD PLYWOOD	MMSF 3/8"	62.4	62.4	37.0%	77.7%	14,059	14,059	39.9%	80.9%
HARDWOOD LUMBER	MMBF	37.7	37.7	33.2%	7.8%	26,791	26,791	43.4%	34.6%
HARDWOOD LOGS	MMBF	8.7	8.7	0.1%	-30.2%	9,527	9,527	4.4%	14.3%
HARDWOOD VENEER	MMSFsurf	55.2	55.2	23.8%	-17.3%	4,989	4,989	33.2%	-2.2%
PARTICLEBOARD	MMSF 3/4"	11.7	11.7	12.3%	42.6%	2,357	2,357	-6.8%	47.6%
ALL OTHER		NA	NA	NA	NA	43,298	43,298	23.2%	24.3%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	216,957	216,957	6.7%	7.3%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,075.9	1,075.9	6.1%	15.0%	208,306	208,306	6.9%	17.0%
From Canada	MMBF	1,062.3	1,062.3	6.4%	14.4%	205,457	205,457	6.4%	16.0%
SOFTWOOD LOGS	MMBF	2.7	2.7	73.2%	-75.5%	296	296	-33.2%	-86.6%
SOFTWOOD PLYWOOD	MMSF 3/8"	10.5	10.5	49.2%	4.6%	3,000	3,000	52.9%	91.9%
HARDWOOD LUMBER	MMBF	36.8	36.8	60.0%	19.8%	16,426	16,426	40.3%	5.5%
HARDWOOD LOGS	MMBF	1.5	1.5	-53.2%	-37.6%	368	368	-4.7%	10.8%
HARDWOOD VENEER	MMSFsurf	136.7	136.7	44.8%	61.8%	8,888	8,888	17.9%	33.1%
HARDWOOD PLYWOOD	MMSF 3/8"	341.7	341.7	48.3%	21.2%	45,024	45,024	42.1%	12.3%
HARDBOARD	MMSFsurf	82.9	82.9	22.0%	111.9%	5,257	5,257	27.2%	14.2%
PARTICLEBOARD	MSF 3/4"	48.1	48.1	14.6%	22.8%	11,923	11,923	4.4%	22.8%
ALL OTHER		NA	NA	NA	NA	77,646	77,646	-3.4%	8.1%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	377,212	377,212	9.4%	14.0%

Note: Volume total is not possible because the products are in different units of measure.



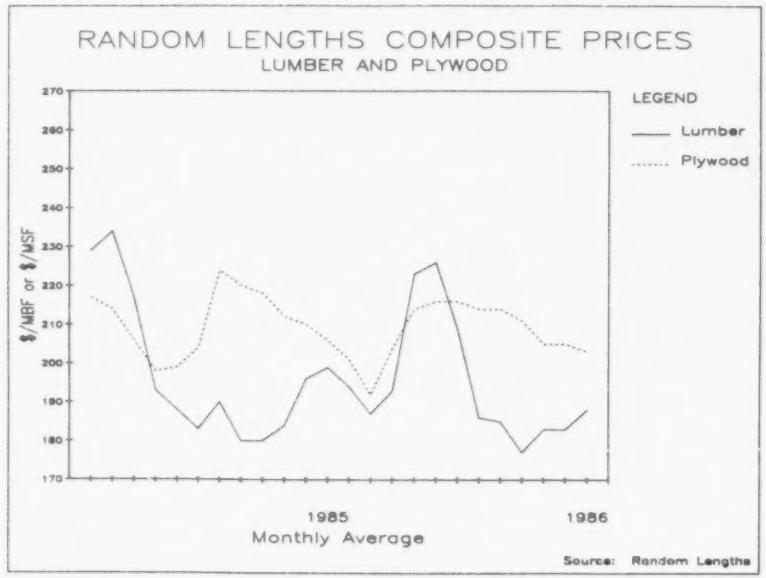


CONSTRUCTION AND HOUSING STATISTICS

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Jan. '86	Dec. '85	Jan. '85	1 mo. '86	1 mo. '85
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	24.4	-11.7%	5.6%	24.4	5.6%
Private	20.3	-12.4%	4.1%	20.3	4.1%
Residential	10.2	-9.5%	0.0%	10.2	0.0%
Nonresidential & Other	7.0	-10.3%	-24.7%	7.0	-24.7%
Public	4.1	-7.9%	13.9%	4.1	13.9%
	Jan. '86	Dec. '85	Jan. '85	1 mo. '86	1 mo. '85
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	117.1	-2.8%	11.1%	223.3	111.9%
New Private Starts	116.9	-3.0%	10.9%	223.1	111.7%
Seas. Adj. Annual Rate	2056	9.2%	11.2%		
One-Family Housing Starts	73.1	10.8%	23.3%	138.7	133.9%
Proportion of Total	62.4%			62.1%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	18,900	11.8%	1.6%	18,900	1.6%

EMPLOYMENT STATISTICS

	Jan. '86	% Change From Dec. '85	% Change From Jan. '85
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	99,507	0.4%	3.6%
All Manufacturing Industries	19,460	0.1%	-1.8%
Lumber and Wood Products	721	0.8%	0.8%
Furniture and Fixtures	499	0.0%	0.4%



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NFPA® Economics Monthly
An Economics Bulletin of the Forest Products Industry

Volume 2 Number 4 April, 1986

AFTER THE TIMBER BUYOUT: WHAT'S LEFT OVER IS STILL A PROBLEM

In November 1984, Congress passed the Federal Timber Contract Payment Modification Act (PL 98-478). The law's purpose was to prevent massive defaults on federal timber contracts, and to avert numerous bankruptcies in the Pacific Northwest. The Act, often referred to as the "buyout bill", provided much needed relief to producers at a time when wood product prices were plummeting to a point where they could no longer support the high bids made on public timber.

Almost seven billion board feet of National Forest timber still remain under contract following the return of high-priced Forest Service and BLM timber sale contracts in California, Washington and Oregon. Many purchasers are left holding timber sales which, in aggregate, represent losses of over $900 million.

Background: Overbidding, Then Recession Led to Inoperable Contracts

Several factors contributed to the pattern of high bids on Federal timber sale contracts which developed in the late 1970's and early 1980's. Extremely optimistic economic forecasts and predictions of continued inflation encouraged purchasers to bid aggressively for timber sales. In addition, pending wilderness and land management planning decisions threatened to reduce the future availability of timber from the national forests. This added some measure of desperation to the bidding, but purchasers had a degree of confidence that lumber prices would rise to cover the added raw material costs. Consequently, average stumpage prices in early 1980 on the westside of Oregon and Washington approached $400/Mbf.

In 1982, however, lumber prices dropped to 66% of what they had been in 1979. As the recession worsened, both the industry and the Reagan Administration concluded that the high-priced contracts were no longer economically operable.

In 1983, The Administration offered the opportunity to extend contracts for up to five years in hopes that the losses from the older, more expensive sales could be averaged with the margins from newer, less expensive sales. The success of the extension program depended on: first, a rapid recovery in lumber prices, and second, a timber sale program large enough that competitive bidding on newly offered sales would not drive away margins.

Unfortunately, the lumber market showed no signs of recovering quickly or strongly enough to make contracts bid prior to 1982 economically viable. Since the old contracts were uneconomic, most of the harvest from 1982 forward came from new, short term contracts. In turn, these new contracts were soon in short supply. Bidding rose to the point where margins became too meager to average away the loss on the older contracts. Thus, the timber sale extension program appeared to be largely inadequate to resolve the problem of high-priced timber sale contracts.

MONTHLY STATISTICAL HIGHLIGHTS

The annual rate of housing starts during the first quarter, 1986 averaged 1.99 million units, up 11 percent from a year ago.

The prime rate this month was lowered to 8.50 percent by most major banks, bringing it to the lowest level since June, 1978.

February's lumber production fell slightly from January, but was up 10.2 percent from February, 1985.

Canadian imports of softwood lumber during the first two months of 1986 were up by 6.3 percent, and accounted for 32.4 percent of U.S. consumption.

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Congress responded by offering purchasers the opportunity to return a portion of their high-priced volume at a nominal cost.

The Federal Timber Contract Payment Modification Act

Under the Act's provisions, timber volume that was bid before January 1, 1982, and held on June 1, 1984, was eligible to be returned to the government with payment of a buyout fee. The Act allowed purchasers to return up to 55% of the unharvested volume they purchased before 1982, for a payment ranging from $10/Mbf to 15% of the overbid, depending on the losses represented by the contracts relative to the size of the company. This fee or buyout charge was paid in lieu of stumpage or default payments. No purchaser was allowed to return more than 200 million board feet. Over 21 billion board feet of eligible timber was under contract, 19.5 billion board feet in the three Pacific Coast states. The average bid price on this volume was $262/Mbf.

Table I:

Contracts Bought Out and Contracts Remaining In Oregon, Washington, and California

	Number of Contracts	Volume (BBF)	Average Stumpage ($/Mbf)	Delivered Log Costs ($MM)(1	Delivered Log Values ($MM)(2	Net Loss Potential ($MM)
RETURNED	1,474	9.6	318	4,669.5	2,462.8	(2,206.7)
REMAINING	1,057	6.9	222	2,623.7	1,705.2	(918.5)

1) The estimated costs incurred by the purchaser for logs delivered to the mill under contractual obligations (includes stumpage, logging and hauling costs).

2) The estimated value of delivered logs on December 31, 1985.

SOURCE: Timber Data Company

Original estimates placed the maximum volume that could be returned in Oregon, Washington and California at 11.3 billion board feet.[1] Over 9.6 billion board feet (Table I) was actually returned, with buyout fees totaling $184 million. Based on current delivered log values estimated by Timber Data Company, these sales would have represented a loss of $2,206 million to the purchasers, had they harvested the timber. The Forest Service will reoffer 3.2 billion board feet of this volume in Fiscal Year 86 and prepares to reoffer 2.6 billion board feet in Fiscal Year 87, with the balance reoffered in later years.

Most of The Volume Remaining after the Buyout is Still Uneconomic

The volume remaining after the buyout still represents a significant liability to many purchasers. Since not all volume could be returned, each purchaser had to choose which sales to return and which to keep. In general, the contracts representing the greatest financial losses were returned. Even though purchasers returned their most unprofitable sales, the remaining sales are still, by and large, economically inoperable in today's marketplace.

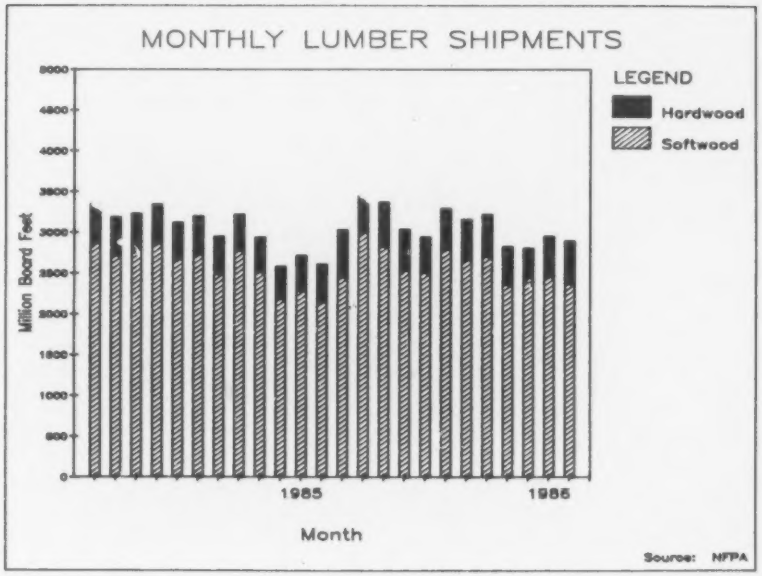
With data supplied by Timber Data Company, NFPA analyzed sales based upon estimates of delivered log values on December 31, 1985. This analysis depicts the potential losses faced by purchasers holding the remaining contracts. Consider:

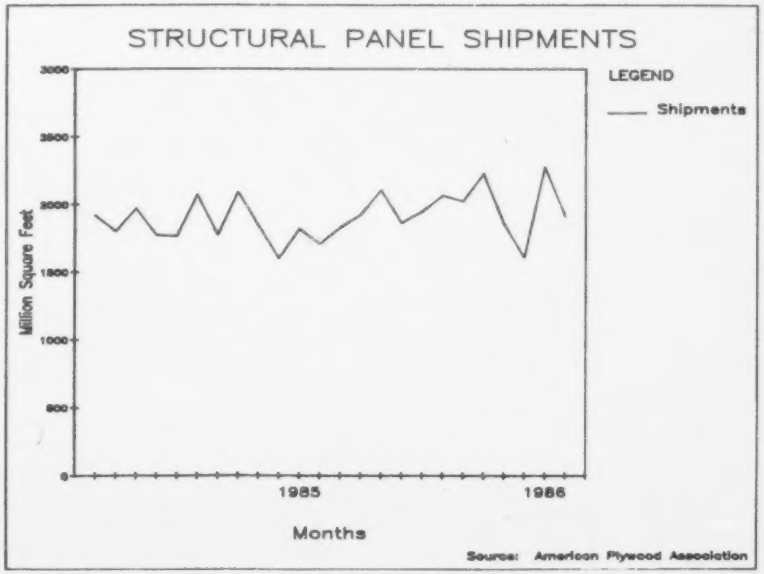
- About 90% of the 6.9 billion board feet remaining in old contracts after the buyout in California, Washington and Oregon represent an average loss of $151/Mbf to purchasers in today's market (Table II).
- Over 2.8 billion board feet remains in contracts with net losses in excess of $150/Mbf.
- Almost 45% of the total losses on the remaining volume are from contracts with average losses greater than $225/Mbf.

NFPA ECONOMICS MONTHLY
April, 1986

MONTHLY STATISTICS FOR THE WOOD PRODUCTS INDUSTRY

	ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION				
	FEBRUARY 1986				FEBRUARY 28, 1986
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	825	816	890	687	1,881
Douglas Fir Region	671	617	659	600	989
Western Pine Region	736	712	728	501	1,367
California Redwood Region	134	110	122	127	413
Other Softwoods	121	115	123	255	309
TOTAL SOFTWOODS	2,487	2,370	2,522	2,170	4,959
% Change - January 1986	-3.9%	-3.9%	-2.7%	7.5%	2.4%
% Change - February 1985	10.8%	11.1%	17.7%	14.2%	3.7%
HARDWOOD LUMBER					
Southern Hardwood Region	275	261	269	258	873
Appalachian Hardwood Reg.	41	38	39	*	*
Other Hardwoods	243	230	237	178	1,084
TOTAL HARDWOODS	559	529	545	436	1,957
% Change - January 1986	8.1%	5.2%	-0.9%	3.8%	1.6%
% Change - February 1985	7.7%	4.5%	-4.0%	0.2%	9.1%
TOTAL LUMBER	3,046	2,899	3,067	2,606	6,916
% Change - January 1986	-1.9%	-2.4%	-2.4%	6.9%	2.2%
% Change - February 1985	10.2%	9.9%	13.1%	11.6%	5.2%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	10,614	NA	6,572	4,238
Maple Flooring (Sq. Ft.)	917	747	578	3,592	1,651
STRUCTURAL PANELS	1,926,062	1,913,778	1,874,101	638,850	352,000
% Change - January 1986	-16.0%	-16.0%	-17.6%	10.4%	-1.7%
% Change - February 1985	10.7%	12.3%	18.9%	85.9%	8.7%





YEAR-TO-DATE PRODUCTION, SHIPMENTS, AND ORDERS

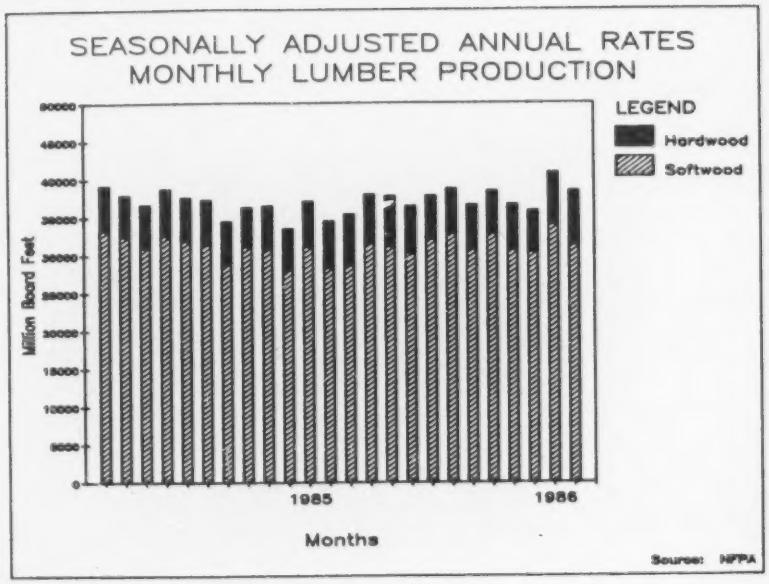
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	2 mos.'86	2 mos.'85	2 mos.'86	2 mos.'85	2 mos.'86	2 mos.'85
	(Million Board Feet)					
TOTAL LUMBER	6,152	9.8%	5,868	9.1%	6,209	13.6%
TOTAL SOFTWOOD	5,076	10.5%	4,836	9.8%	5,114	15.4%
TOTAL HARDWOOD	1,076	6.9%	1,032	5.8%	1,095	5.5%

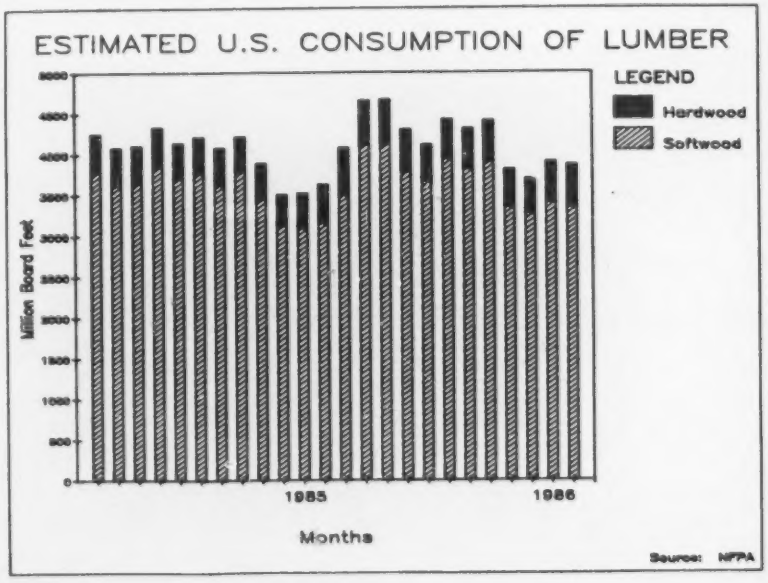
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		--% Change From--			--% Change From--	
LUMBER REGION	Feb. '86	Jan. '86	Feb. '85	Feb. '86	Jan. '86	Feb. '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	10,366	-8.2%	6.3%	10,340	-9.3%	7.5%
Douglas Fir	8,109	-3.1%	13.2%	7,827	-6.7%	10.4%
Western Pine	9,631	-12.4%	18.1%	9,138	-13.2%	21.5%
Calif. Redwood	1,603	-13.2%	-6.9%	1,324	-12.2%	-12.0%
Other Softwoods	1,556	-6.2%	11.0%	1,476	-11.3%	10.6%
TOTAL SOFTWOODS	31,266	-8.5%	10.9%	30,105	-10.1%	11.2%
TOTAL HARDWOODS	7,182	4.5%	7.7%	6,367	3.8%	4.5%
TOTAL LUMBER	38,448	-6.3%	10.3%	36,472	-7.9%	10.0%

U.S. LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Feb. '86	Jan. '86	Feb. '85	2 mos.'86	2 mos.'85
	(Million Board Feet)				
Total Consumption	3,865	-1.3%	5.7%	7,782	8.1%
Softwood Consumption	3,344	-2.1%	6.4%	6,759	8.6%
Hardwood Consumption	521	3.9%	1.6%	1,023	4.7%

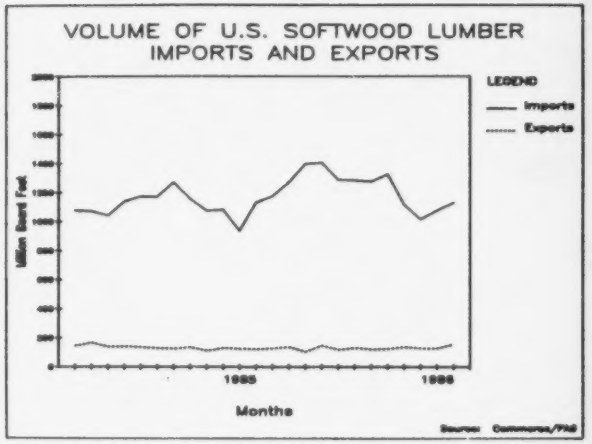


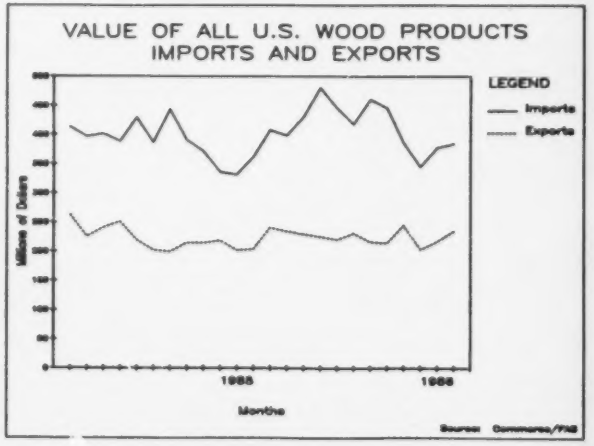


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE ($000)			
		Feb. '86	2 mo. 1986	% Change From Jan. '86	% Change From 2 mo. 1985	Feb. '86	2 mo. 1986	% Change From Jan. '86	% Change From 2 mo. 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	154.6	281.7	21.6%	14.4%	48,924	88,638	23.2%	26.1%
To Canada	MMBF	28.9	56.9	2.7%	36.0%	6,870	13,983	-3.4%	18.8%
SOFTWOOD LOGS	MMBF	280.8	536.2	9.9%	-3.8%	91,621	166,886	21.7%	11.3%
SOFTWOOD PLYWOOD	MMSF 3/8"	50.9	113.3	-18.3%	43.6%	11,518	25,577	-18.1%	16.2%
HARDWOOD LUMBER	MMBF	36.7	74.4	-2.9%	12.2%	23,922	50,713	-10.7%	32.9%
HARDWOOD LOGS	MMBF	10.2	18.9	18.0%	-13.3%	10,472	19,999	9.9%	29.0%
HARDWOOD VENEER	MMSFsurf	61.4	116.6	11.3%	-2.8%	5,888	10,877	18.0%	14.4%
PARTICLEBOARD	MMSF 3/4"	12.7	24.4	8.4%	40.8%	2,193	4,550	-7.0%	28.4%
ALL OTHER		NA	NA	NA	NA	38,856	82,154	-10.3%	.0%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	234,799	451,756	8.2%	15.2%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,128.6	2,204.5	4.9%	6.6%	220,160	428,466	5.7%	2.3%
From Canada	MMBF	1,124.5	2,186.7	5.9%	6.3%	219,122	424,579	6.7%	2.2%
SOFTWOOD LOGS	MMBF	3.3	5.9	22.1%	-55.6%	380	676	28.4%	-46.6%
SOFTWOOD PLYWOOD	MMSF 3/8"	9.4	19.8	-10.4%	34.6%	2,849	5,849	-5.0%	102.5%
HARDWOOD LUMBER	MMBF	29.9	66.7	-18.9%	-3.3%	11,684	28,110	-28.9%	-33.1%
HARDWOOD LOGS	MMBF	0.8	2.2	-45.7%	-39.6%	237	605	-35.6%	-10.2%
HARDWOOD VENEER	MMSFsurf	124.3	261.1	-9.1%	49.6%	8,519	17,407	-4.2%	8.6%
HARDWOOD PLYWOOD	MMSF 3/8"	380.4	722.0	11.3%	38.4%	45,461	90,485	1.0%	35.4%
HARDBOARD	MMSFsurf	77.8	160.7	-6.1%	56.6%	5,131	10,388	-2.4%	7.3%
PARTICLEBOARD	MSF 3/4"	43.7	91.8	-9.1%	12.3%	11,259	23,182	-5.6%	8.5%
ALL OTHER		NA	NA	NA	NA	78,596	156,242	1.2%	11.9%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	384,408	761,620	1.9%	6.2%

Note: Volume total is not possible because the products are in different units of measure.



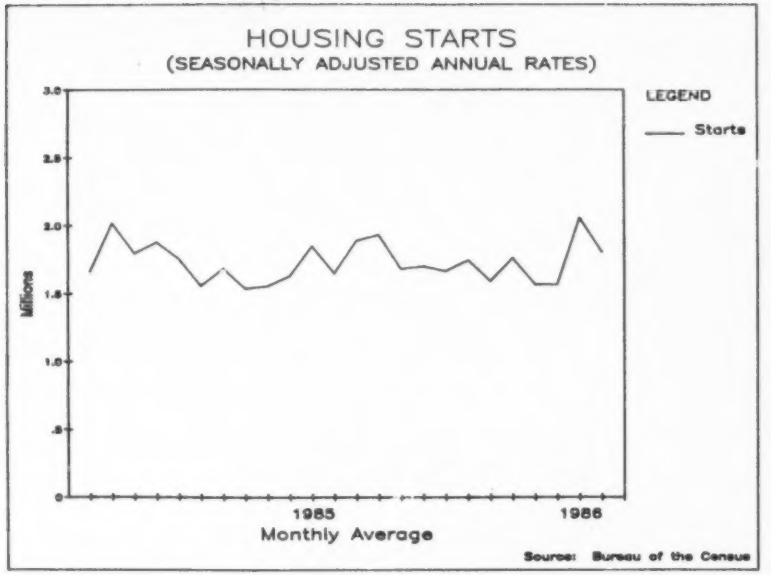


CONSTRUCTION AND HOUSING STATISTICS

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Feb. '86	Jan. '85	Feb. '85	2 mo. '86	2 mo. '85
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	24.0	-1.1%	7.6%	48.3	6.4%
Private	20.2	0.5%	6.3%	40.3	4.7%
Residential	10.3	0.9%	6.8%	20.4	3.1%
Nonresidential & Other	6.9	-0.4%	-26.4%	13.9	-25.8%
Public	3.8	-8.9%	15.2%	8.0	15.6%
	Feb. '86	Jan. '85	Feb. '85	2 mo. '86	2 mo. '85
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	106.8	-7.7%	11.5%	222.5	10.6%
New Private Starts	106.8	-7.6%	11.9%	222.4	10.8%
Seas. Adj. Annual Rate	1803	-5.5%	9.5%		
One-Family Housing Starts	65.2	-9.4%	2.8%	137.2	11.8%
Proportion of Total	61.0%			61.7%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	18,700	-1.1%	-5.1%	37,600	-1.8%

EMPLOYMENT STATISTICS

	Feb. '86	% Change From Jan. '85	% Change From Feb. '85
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	99,649	0.2%	3.6%
All Manufacturing Industries	19,434	-0.1%	-1.6%
Lumber and Wood Products	719	-0.1%	1.6%
Furniture and Fixtures	498	-0.2%	0.2%



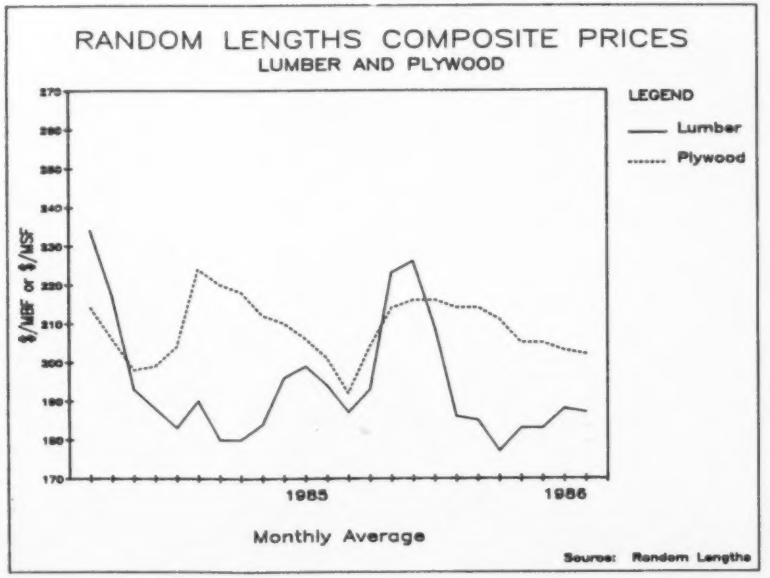


Table II:

Remaining Contracts After The Buyout
(Oregon, Washington and California)

Estimated Gain or Loss Per MBF	Number Of Contracts	Total Gain or Loss ($MM)	Total Volume (MMBF)
Gain, Greater Than $0	144	$20.7	721.6
Loss, $0 to $75	246	($74.7)	1,732.5
Loss, $75 to $150	242	($185.7)	1,686.5
Loss, $150 to $225	212	($260.4)	1,388.2
Loss, Greater Than $225	213	($418.4)	1,412.2
TOTALS	1,057	($918.5)	6,941.0

SOURCE: Timber Data Company

Some Purchasers Are Better Off Than Others

The impact of these remaining contracts on the industry can be illustrated by looking at purchaser portfolios of pre-1982 sales. The portfolios of 158 purchasers were classified according to total profit or loss (Table/Figure III).

Analysis reveals that only 29 purchasers, holding only 7 percent of the volume of the remaining contracts can avoid a loss on their remaining contracts.

In contrast, 35 percent of the purchasers with pre-1982 contracts (56 in number) could potentially lose up to $1 million, while 46 percent (73 in number) stand to lose more than $1 million on their old contracts. The volume represented by this latter group is approximately 5.9 billion board feet, or 84 percent of the total volume remaining in pre-1982 contracts.

Almost 37% of the remaining volume is held by only six companies which stand to lose over $25 million. These six companies hold 45% of the losses associated with the remaining contracts.

It is important to note that the above calculations are based on a hypothetical harvest date of December 31, 1985 and the estimated delivered log values on that date. In reality, the remaining timber volume, in most cases, has yet to be harvested. A $25/Mbf lumber price increase could change the net values of remaining volume from losers to gainers for about one-third of the purchasers. This would be the case for over 1.4 billion board feet in portfolios with an average loss of $40/Mbf (log scale). However, almost 3.2 billion board feet, or 46 percent of the remaining volume, is held by purchasers who face an average loss of more than $150/Mbf. It is unlikely that product prices will increase enough in the foreseeable future to make these portfolios profitable on their own.

Options -- On the Surface, Few

There is still a considerable volume of timber under contract that could not be harvested profitably in today's market. What will actually happen to most of the remaining volume is still open to speculation. Absent any changes in the Administrations's proposed timber sale program, decreases in Canadian lumber imports, or sizeable increases in lumber prices, individual purchasers appear to face two options -- either harvest the timber at bid prices, or default.

Harvesting the remaining sales may result in losses less than shown in this analysis if a purchaser's costs are below average, or if a purchaser produces a mix of products with a higher than average value. Most of the old contracts have been extended under the Administration's multi-sale extension program, and are due to expire at various times through 1992, with most due before 1990. With the extra time, some purchasers may be able to blend losses from the old contracts with profits from new contracts. However, given the profits in today's market, many purchasers may not be able to harvest enough new volume to offset the losses shown in Table III.

Defaulting the contracts can also be expensive. Default charges are equal to the difference between the original bid and the resale bid. Presumably, adjustments will be made to account for provisions which changed from the old to the new contracts. The Forest Service has not yet determined how these adjustments will be made.

Tracking defaulted sales is difficult, but a contract technically goes into default after the termination date has passed and payment obligations have not been met. About 400 million board feet in pre-1982 contracts were defaulted before the deadline for submitting buyout applications in October, 1985. Approximately 200 million board feet of the old contracts included in Table 2 expired as of December 31, 1985. There are indications that additional contracts have expired without further harvest during the first quarter, 1986 as well.

What Happens Now?

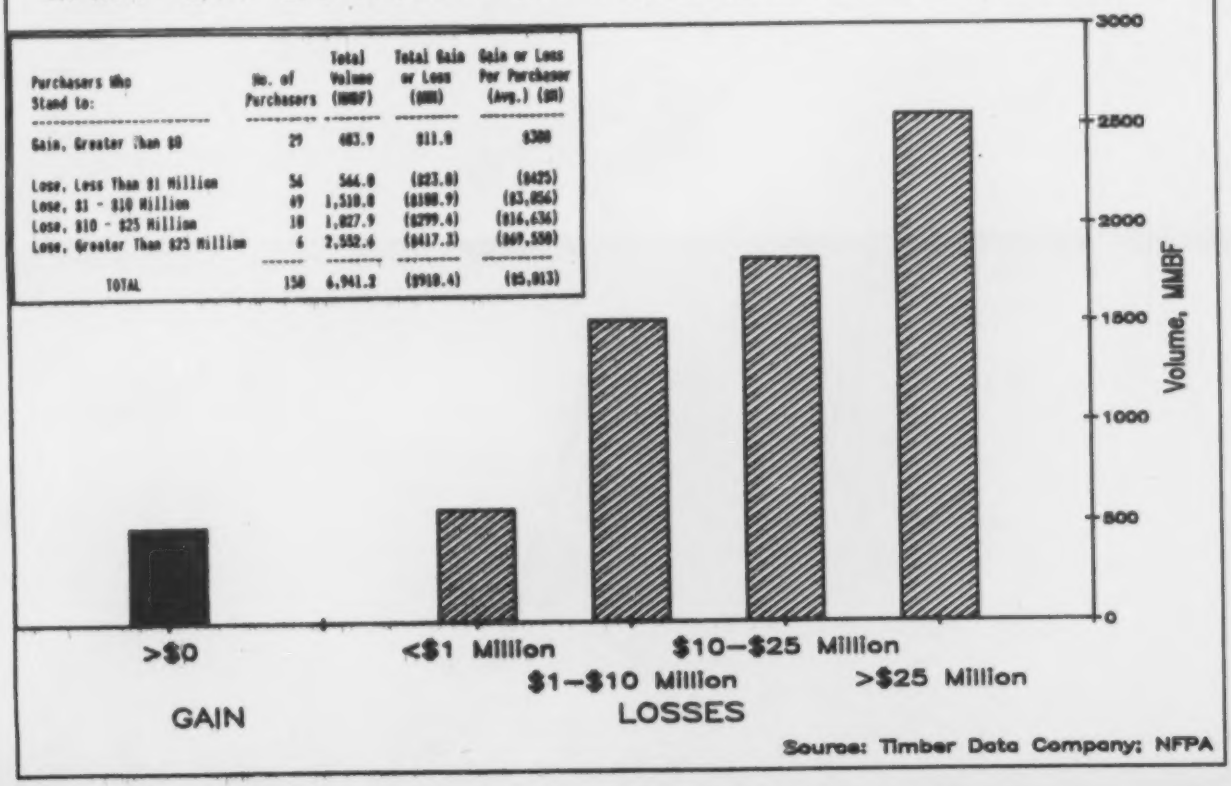
Purchasers of Federal timber continue to face potential problems. Timber harvests from the national forests set a recent record in Fiscal Year 1985 of 10.9 billion board feet. The Forest Service projects a harvest level of 11.2 billion board feet in Fiscal Year 1986 and Fiscal Year 1987, yet proposes a Fiscal Year 1987 sale program of only 10 billion board feet -- the lowest program since 1961. An abnormally low sales program only exacerbates the problem of the remaining high priced contracts. If the sales program is as limited as the Administration currently proposes, stumpage prices may rise to a level where margins are insufficient to effectively blend with the losses on any remaining high-priced volume.

The success of the buyout depends on blending the losses on past purchases with profits from newer, lower cost sales. This in turn depends upon an adequate supply of these newer sales--a proposition the Administration does not appear to understand. Anything less will leave purchasers in the exact same condition that the buyout was designed to relieve.

Table/Figure III:
After the Buyout

GAIN OR LOSSES OF REMAINING CONTRACTS

Purchasers Who Stand to:	No. of Purchasers	Total Volume (MMBF)	Total Gain or Loss ($MM)	Gain or Loss Per Purchaser (Avg.) ($M)
Gain, Greater Than $0	29	483.9	$11.9	$388
Lose, Less Than $1 Million	56	564.9	($23.8)	($425)
Lose, $1 - $10 Million	49	1,510.8	($198.9)	($5,056)
Lose, $10 - $25 Million	18	1,827.9	($299.4)	($16,636)
Lose, Greater Than $25 Million	6	2,552.6	($417.3)	($69,550)
TOTAL	158	6,941.2	($910.4)	($5,813)



Source: Timber Data Company; NFPA

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NFPA

Economics Monthly

An Economics Bulletin of the Forest Products Industry

Volume II Number 5 **May, 1986**

NFPA'S MID-YEAR FORECAST: A THIRD RECORD CONSUMPTION YEAR IS IN THE WORKS

Long-term lumber demand projections for the 1980's are beginning to pan out. Housing starts in the United States may easily reach the highest level so far this decade, and this year may prove to be the best year since 1978 when over two million units were constructed. As for wood products, 1986 will set a consumption record, for the third year in a row.

This optimistic view at midyear comes after most analysts expected 1986 to be a year of moderate growth, with somewhat fewer housing starts and higher inflation. Our own forecast last fall looked to a lessening of demand, with housing starts running at only 1.65 million units, and lumber production down by 6 percent. But interest rates declined and kicked off a home-buying spree unlike any we've seen in a decade. In fact, during March, sales of new homes soared to 903,000 units, the highest monthly level since October 1978.

The economy as a whole grew at an inflation adjusted rate of 3.7 percent during the first quarter, while the index of leading economic indicators jumped 1.5 percent in April, the third monthly increase in a row. Inflation is currently running at an annual rate of only 2.3 percent (a low rate entirely because oil prices have plummeted), and the dollar is well below its 1985 peak vis a vis the German Mark and Japanese Yen. These are all indicators of an expanding economy, albeit one that still has a lackluster manufacturing sector.

For the wood products industry, current trends come as a relief after four years of depressed earnings. However, few producers in the wood business are grinning widely. Improved performance is relative, and few companies are operating with margins even close to the level during the housing boom of the late 1970's, or with profits indicative of frenetic economic activity. Production and shipments are up in every softwood region, as are new orders for softwood lumber, which were 20 percent higher during the first quarter this year than during the first quarter last year. The increased activity is not quite as dramatic in hardwood lumber markets, but is still indicative of a market with strong demand. The big plus for hardwoods is the change in exchange rates. Exports of hardwood lumber are up 9 percent in volume and nearly 13 percent in value.

The real fear, of course, is that the economy will eventually gear down from overdrive and leave the industry in the dust. New housing is driving force behind this year's pick-up in softwood and panels. An upward move of interest rates and the consequential impact on housing starts could easily set wood producing companies back. North American lumber capacity is such that only a market in superdrive can absorb the supply output. Any slowdown can and will result in more volume on the market than demand, and subsequently impact prices and earnings.

This Year, Perhaps More Than Past Years, Political Issues Bear On The Outlook

The outlook for the balance of 1986 and for 1987 weighs heavily in the

MONTHLY STATISTICAL HIGHLIGHTS

Softwood lumber imports from Canada were up 7.3 percent during the first quarter, accounting for 32% of U.S. consumption.

Shipments of hardwood and softwood lumber were at an annual rate of 41.5 billion board feet in March, up 6.1% percent from February, and 20.8% for March, 1985.

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outcome of several important political developments. Two policy issues must enter into any discussion about the forest products industry this year: Canadian trade and tax reform. The former could dramatically affect the industry in the short term; the latter in the long term. Also on the horizon are U.S. initiatives to cooperate with other countries in managing exchange rate fluctuations, and the further implementation of the Gramm-Rudman-Hollings (G-R-H) budget adjustments.

U.S./Canada Trade War Brewing

During the first quarter, softwood lumber imports were up 7.3 percent in volume over the first quarter last year. Market share was 32 percent. The issues surrounding imports of softwood lumber from Canada will come to a head during the remaining months of 1986, and may well lead to policy changes affecting the level of imports during the fourth quarter.

In a major development, the Coalition for Fair Lumber imports filed a countervailing duty petition with the Department of Commerce on May 19, 1986. The petition alleges that Canadian governments subsidize their wood producing industry by providing timber at substantially below market prices. The petition seeks a 27 percent duty on imported softwood lumber products. Recent interpretations of countervailing duty law by Commerce and growing political attention create an air of expectation that the petition will be successful.

However, the outcome is in no way assured. Commerce must decide whether to accept or reject the petition by June 9. If accepted, the agency will issue a decision by the middle of October. Should Commerce rule with the U.S. petitioners, duties will be imposed immediately, thus sharply curtailing imports during the fourth quarter. In the interim, a negotiated settlement between the two governments is still another possibility, as is Congressional action which might give further impetus for reaching a settlement.

Issues Involve Interesting Politics

The filing of the petition came soon after the Senate Finance Committee voted in April to let the Administration proceed with free trade talks with Canada. The closeness of the vote (10 to 10) underscored a simmering frustration by many in Congress with the Administration's trade efforts. To sway votes for the free trade talks, President Reagan personally called upon every member of the committee. The wood industry supported the Administration's efforts to achieve free trade talks after the President committed to resolving the lumber dispute.

The House of Representatives also passed a omnibus trade bill during the past month containing, among other things, a natural resource subsidy

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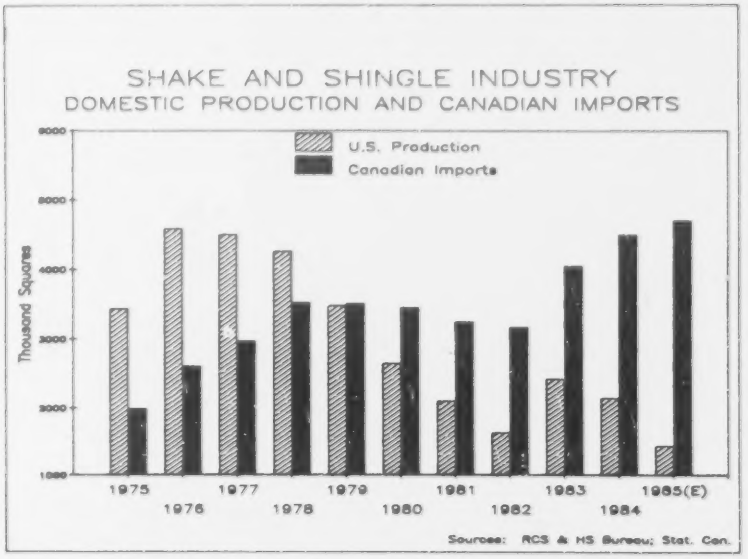
Figure 1:

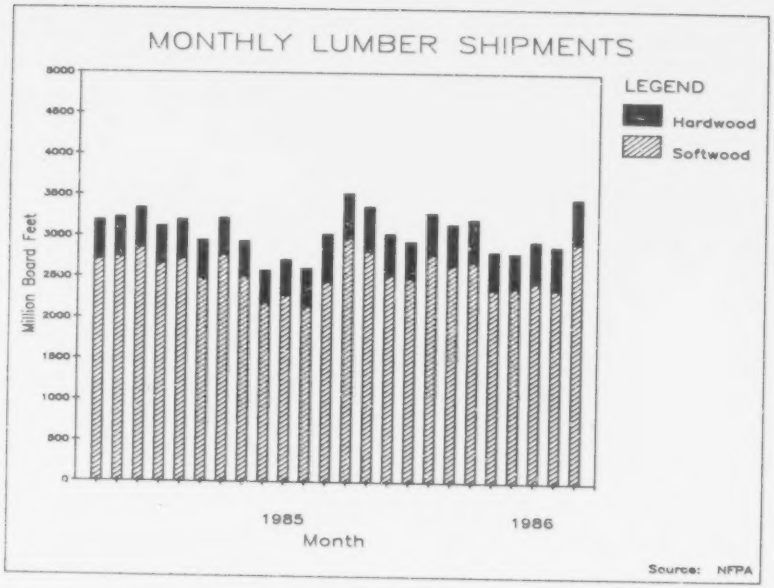
The shake and shingle industry has suffered declining production at the same time that Canadian imports have been increasing dramatically.

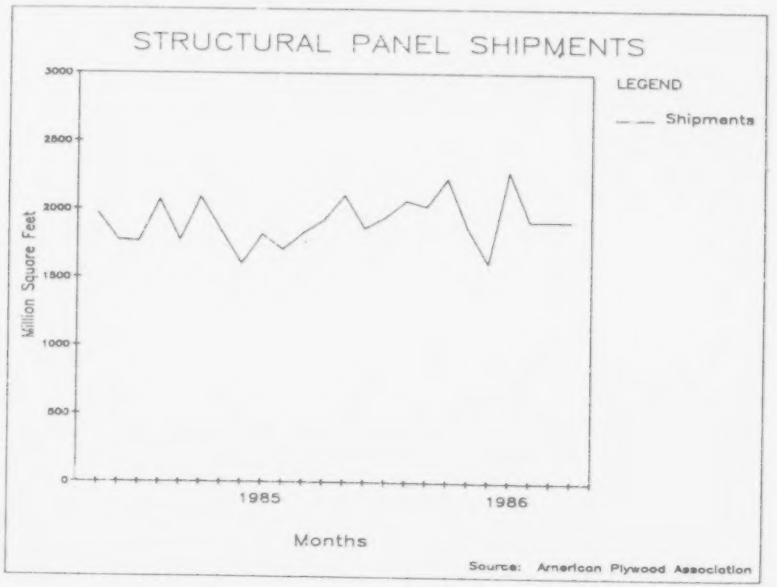


NFPA ECONOMICS MONTHLY
May, 1986

MONTHLY STATISTICS FOR THE WOOD PRODUCTS INDUSTRY

	ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION				
	MARCH 1986			MARCH 31, 1986	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER			(Million Board Feet)		
Southern Pine Region	968	997	986	678	1,852
Douglas Fir Region	739	795	833	638	933
Western Pine Region	828	857	909	553	1,338
California Redwood Region	153	145	167	149	421
Other Softwoods	137	143	148	261	302
TOTAL SOFTWOODS	2,825	2,937	3,043	2,279	4,846
% Change - February 1986	13.2%	23.5%	20.2%	4.9%	-2.3%
% Change - March 1985	11.2%	20.5%	26.8%	22.1%	-0.8%
HARDWOOD LUMBER					
Southern Hardwood Region	262	271	293	280	864
Appalachian Hardwood Reg.	33	35	37	*	*
Other Hardwoods	227	235	254	216	1,074
TOTAL HARDWOODS	522	541	584	496	1,938
% Change - February 1986	-6.6%	2.3%	7.2%	9.5%	-1.0%
% Change - March 1985	-13.7%	-14.4%	-4.9%	14.3%	9.7%
TOTAL LUMBER	3,347	3,478	3,627	2,775	6,784
% Change - February 1986	9.6%	19.6%	17.9%	5.7%	-1.9%
% Change - March 1985	6.4%	13.3%	20.3%	20.7%	2.0%
* Included in Other Hardwoods					
FLOORING			(Thousand Feet)		
Oak Flooring (Bd. Ft.)	NA	12,223	NA	8,192	3,728
Maple Flooring (Sq. Ft.)	998	737	1,021	3,675	1,021
STRUCTURAL PANELS	2,095,722	2,088,182	2,233,430	756,745	488,000
% Change - February 1986	8.8%	9.1%	19.2%	16.5%	31.5%
% Change - March 1985	11.8%	14.3%	15.6%	69.2%	1.2%





YEAR-TO-DATE PRODUCTION, SHIPMENTS, AND ORDERS

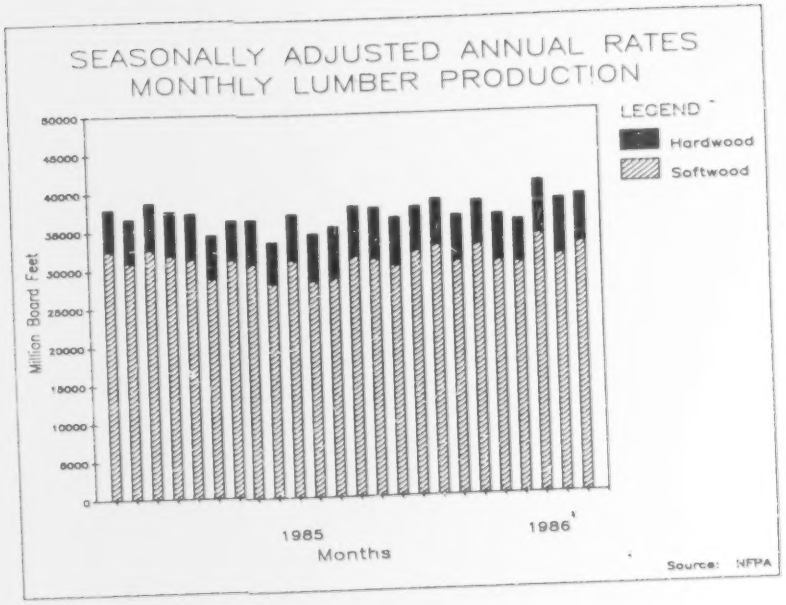
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	3 mos.'86	3 mos.'85	3 mos.'86	3 mos.'85	3 mos.'86	3 mos.'85
	(Million Board Feet)					
TOTAL LUMBER	8,511	-8.7%	9,359	10.8%	9,850	16.1%
TOTAL SOFTWOOD	7,913	-10.9%	8,786	17.8%	8,171	19.6%
TOTAL HARDWOOD	1,598	-0.9%	1,573	-2.1%	1,679	1.6%

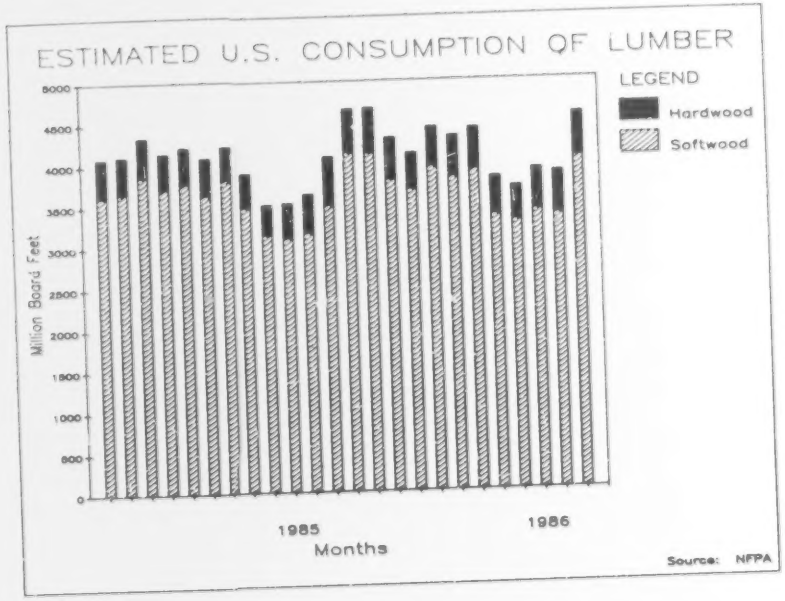
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		% Change From--			% Change From--	
LUMBER REGION	Mar. '86	Feb. '86	Mar. '85	Mar. '86	Feb. '86	Mar. '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	11,449	6.5%	9.8%	11,684	5.0%	18.6%
Douglas Fir	8,156	1.3%	19.5%	9,221	13.4%	33.0%
Western Pine	9,695	-4.2%	19.6%	10,808	3.9%	45.7%
Calif. Redwood	1,819	10.9%	5.9%	1,635	24.1%	21.6%
Other Softwoods	1,627	2.7%	17.0%	1,742	8.2%	31.9%
TOTAL SOFTWOODS	32,745	1.9%	15.1%	35,290	7.3%	30.6%
TOTAL HARDWOODS	6,177	-10.3%	-15.8%	6,254	-2.3%	-15.1%
TOTAL LUMBER	38,922	-0.3%	8.3%	41,544	6.1%	20.8%

U.S. LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Mar. '86	Feb. '86	Mar. '85	3 mos.'86	3 mos.'85
	(Million Board Feet)				
Total Consumption	4,574	18.1%	11.1%	12,369	9.3%
Softwood Consumption	4,041	20.5%	16.0%	10,813	11.4%
Hardwood Consumption	533	2.2%	-15.8%	1,556	-3.4%

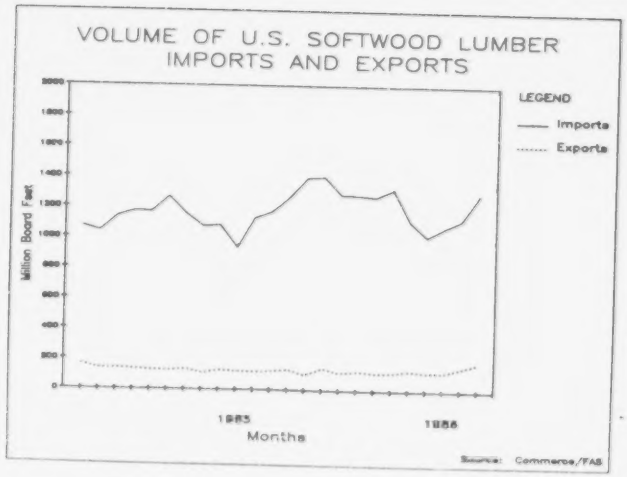


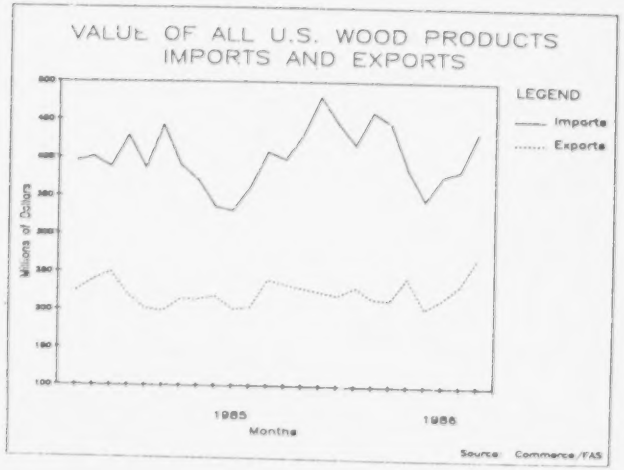


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE ($000)			
		Mar. '86	3 mo. 1986	% Change From Feb. '86	% Change From 3 mo. 1985	Mar. '86	3 mo. 1986	% Change From Feb. '86	% Change From 3 mo. 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	189.2	470.9	22.4%	25.8%	61,536	150,174	25.8%	41.4%
To Canada	MMBF	30.0	86.9	3.9%	34.6%	7,286	21,269	6.1%	23.3%
SOFTWOOD LOGS	MMBF	333.5	869.8	18.8%	-2.6%	101,558	268,444	10.8%	0.7%
SOFTWOOD PLYWOOD	MMSF 3/8"	93.9	207.2	84.3%	65.1%	18,627	44,204	61.7%	69.4%
HARDWOOD LUMBER	MMBF	37.6	112.0	2.5%	9.1%	26,917	77,630	12.5%	12.6%
HARDWOOD LOGS	MMBF	18.3	37.2	78.8%	-2.1%	11,477	31,476	9.6%	-9.3%
HARDWOOD VENEER	MMSFsurf	98.3	214.9	60.1%	13.7%	6,661	17,538	13.1%	12.2%
PARTICLEBOARD	MMSF 3/4"	15.8	40.2	24.9%	61.0%	2,887	7,437	31.6%	97.9%
ALL OTHER*		NA	NA	NA	NA	39,299	121,453	1.1%	-2.2%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	269,662	721,418	14.8%	12.3%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,293.6	3,498.0	14.6%	7.9%	255,655	684,121	16.1%	12.1%
From Canada	MMBF	1,275.4	3,460.1	13.2%	7.3%	253,052	677,631	15.5%	11.5%
SOFTWOOD LOGS	MMBF	0.5	6.4	-86.0%	-59.2%	101	777	-77.4%	-85.5%
SOFTWOOD PLYWOOD	MMSF 3/8"	94.1	28.9	-3.0%	20.4%	2,395	8,244	-15.9%	8.0%
HARDWOOD LUMBER	MMBF	38.9	95.6	-5.3%	-9.8%	17,700	41,810	17.3%	-19.8%
HARDWOOD LOGS	MMBF	1.9	4.2	141.6%	-4.3%	269	874	13.5%	49.4%
HARDWOOD VENEER	MMSFsurf	158.7	419.7	27.6%	45.4%	10,947	28,354	28.5%	30.8%
HARDWOOD PLYWOOD	MMSF 3/8"	382.5	1,106.5	0.6%	18.4%	45,873	136,358	0.9%	-3.0%
HARDBOARD	MMSFsurf	80.6	241.2	3.6%	48.6%	5,065	15,453	-1.3%	23.1%
PARTICLEBOARD	MSF 3/4"	36.3	126.1	-17.0%	0.7%	9,254	32,436	-17.8%	-15.1%
ALL OTHER		NA	NA	NA	NA	90,375	246,617	15.0%	1.8%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	433,823	1,195,443	12.9%	6.4%

Note: Volume total is not available because the products are in different units of measure.



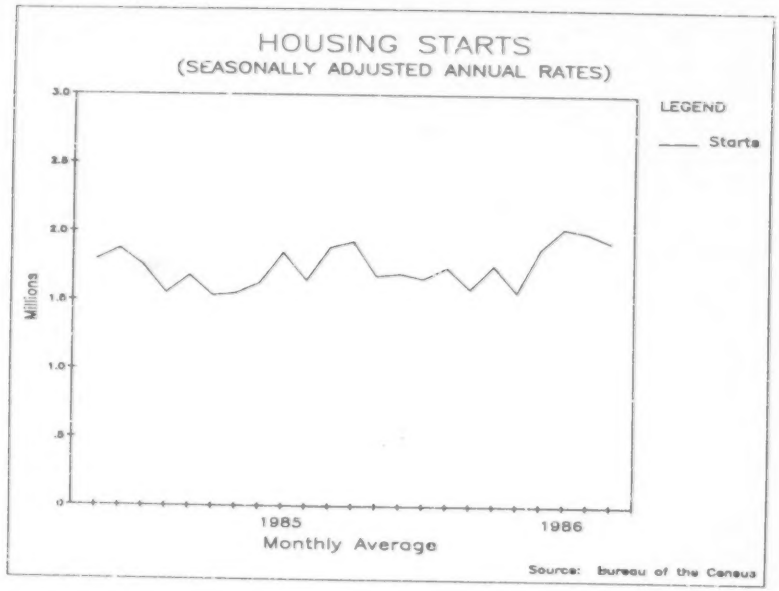


	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Mar. '86	Feb. '85	Mar. '85	3 mo. '86	3 mo. '85
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	25.9	8.7%	5.5%	73.9	5.7%
Private	21.6	8.6%	4.2%	61.5	3.9%
Residential	11.4	13.4%	5.0%	31.7	3.2%
Nonresidential & Other	6.9	2.5%	-29.7%	20.6	-27.9%
Public	4.3	9.3%	13.1%	12.4	16.1%
	Mar. '86	Feb. '85	Mar. '85	3 mo. '86	3 mo. '85
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	148.8	38.8%	2.5%	371.7	7.3%
New Private Starts	148.8	38.8%	2.6%	371.6	7.5%
Seas. Adj. Annual Rate*	1930	-3.5%	2.2%		
One-Family Housing Starts	96.2	47.8%	3.9%	233.3	8.4%
Proportion of Total	64.7%			62.8%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	20,500	9.6%	-14.6%	58,100	-6.7%

EMPLOYMENT STATISTICS

	Mar. '86	% Change From Feb. '85	% Change From Mar. '85
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	99,834	0.2%	3.0%
All Manufacturing Industries	19,389	-0.3%	-0.7%
Lumber and Wood Products	716	-0.4%	2.1%
Furniture and Fixtures	500	0.2%	0.2%

*Revisions: January, 1986: 2,034; February, 1986: 2,001



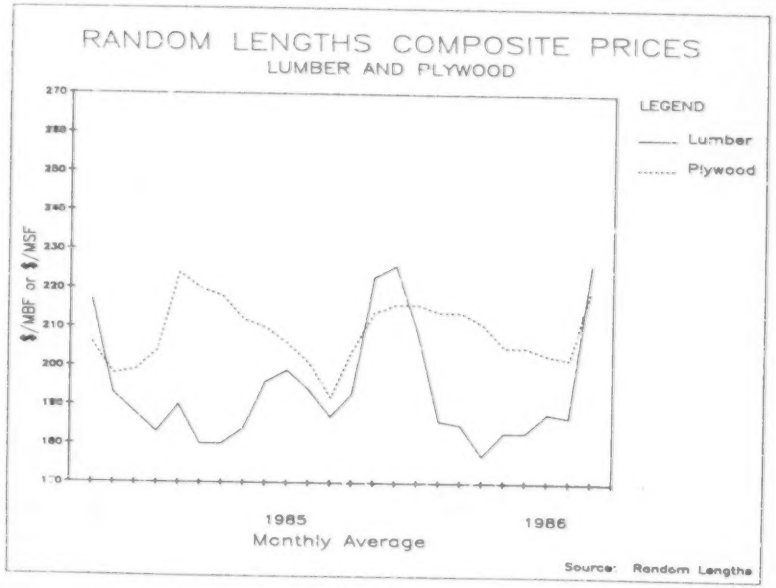


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TABLE I

ESTIMATED TOTAL REGIONAL LUMBER PRODUCTION, SHIPMENTS, AND NEW ORDERS

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	APPALACHIAN HARDWOOD	OTHER HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
PRODUCTION											
1976	7,893	8,322	9,789	2,001	1,688	29,693	3,037	1,173	2,217	6,427	36,120
1977	8,879	8,796	10,309	2,000	1,753	31,737	3,073	1,211	2,417	6,701	38,438
1978	9,231	8,845	10,033	1,902	2,046	32,057	3,258	1,233	2,540	7,031	39,088
1979	9,283	8,427	9,780	1,818	2,124	31,432	3,462	1,263	2,589	7,314	38,746
1980	8,217	6,815	7,613	1,589	2,012	26,246	3,341	1,221	2,553	7,115	33,361
1981	8,415	6,270	7,147	1,452	1,392	24,676	3,374	1,237	1,641	6,252	30,928
1982	8,754	5,743	6,681	1,300	1,309	23,787	2,061	602	2,398	5,062	28,849
1983	10,181	7,934	8,488	1,580	1,543	29,726	2,245	785	2,614	5,644	35,370
1984*											
1ST QUARTER	2,620	2,337	2,252	435	391	8,035	660	220	677	1,557	9,592
2ND QUARTER	2,787	2,264	2,429	444	404	8,328	665	245	701	1,611	9,939
3RD QUARTER	2,692	1,685	2,213	407	373	7,670	714	199	702	1,615	9,285
4TH QUARTER	2,575	1,743	2,098	378	347	7,141	662	147	624	1,433	8,574
TOTAL YEAR	10,674	8,329	8,992	1,664	1,515	31,174	2,701	811	2,704	6,216	37,390
1985*											
1ST QUARTER	2,485	1,862	1,990	451	346	7,134	700	211	701	1,612	8,746
2ND QUARTER	2,914	1,906	2,382	454	391	8,047	770	239	777	1,786	9,833
3RD QUARTER	2,735	1,927	2,514	448	390	8,014	724	185	701	1,610	9,624
4TH QUARTER	2,517	1,925	2,299	389	365	7,495	700	128	638	1,466	8,961
TOTAL YEAR	10,651	7,620	9,185	1,742	1,492	30,690	2,894	763	2,817	6,474	37,164
1986*											
1ST QUARTER	2,699	2,076	2,307	447	384	7,913	787	116	695	1,598	9,511
2ND QUARTER											
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	2,699	2,076	2,307	447	384	7,913	787	116	695	1,598	9,511
SHIPMENTS											
1976	7,782	8,293	9,744	2,044	1,679	29,542	3,032	1,171	2,214	6,417	35,959
1977	8,932	8,781	10,295	2,075	1,759	31,842	3,114	1,225	2,450	6,789	38,631
1978	9,226	8,906	10,067	1,884	2,051	32,134	3,248	1,230	2,530	7,008	39,142
1979	9,255	8,412	9,696	1,760	2,111	31,234	3,326	1,216	2,487	7,029	38,263
1980	8,019	6,821	7,807	1,590	2,012	26,248	3,119	1,142	2,387	6,648	32,896
1981	8,388	6,270	7,183	1,501	1,395	24,737	3,313	1,182	1,602	6,097	30,834
1982	8,464	5,793	6,775	1,349	1,303	23,684	2,127	634	2,488	5,249	28,935
1983	10,214	7,802	8,264	1,582	1,528	29,390	2,312	829	2,708	5,849	35,239
1984*											
1ST QUARTER	2,527	2,196	2,126	421	372	7,642	658	218	673	1,549	9,191
2ND QUARTER	2,780	2,263	2,395	440	402	8,280	653	238	686	1,577	9,857
3RD QUARTER	2,718	2,036	2,284	415	381	7,836	671	180	654	1,505	9,341
4TH QUARTER	2,549	1,912	2,209	397	361	7,428	632	138	593	1,363	8,791
TOTAL YEAR	10,574	8,409	9,014	1,673	1,516	31,186	2,614	774	2,606	5,994	37,180
1985*											
1ST QUARTER	2,418	1,807	1,899	385	332	6,841	698	210	699	1,607	9,448
2ND QUARTER	2,972	2,012	2,422	495	403	8,304	747	226	750	1,723	10,027
3RD QUARTER	2,705	1,890	2,525	438	386	7,944	695	172	668	1,535	9,479
4TH QUARTER	2,501	1,916	2,301	394	364	7,476	696	127	634	1,457	8,933
TOTAL YEAR	10,596	7,625	9,147	1,712	1,485	30,565	2,836	735	2,751	6,322	36,887
1986*											
1ST QUARTER	2,710	2,052	2,264	381	379	7,786	776	113	684	1,573	9,359
2ND QUARTER											
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	2,710	2,052	2,264	381	379	7,786	776	113	684	1,573	9,359
NEW ORDERS											
1976	7,779	8,377	9,760	2,067	1,687	29,670	3,015	1,165	2,200	6,380	36,050
1977	8,970	8,712	10,331	2,119	1,762	31,894	3,163	1,244	2,488	6,895	38,789
1978	9,273	8,894	9,946	1,847	2,043	32,003	3,288	1,239	2,560	7,087	39,090
1979	9,273	8,388	9,630	1,664	2,098	31,053	3,250	1,184	2,429	6,863	37,916
1980	7,964	6,791	7,730	1,563	1,996	26,044	3,060	1,118	2,338	6,516	32,560
1981	8,433	6,200	7,076	1,501	1,387	24,597	3,341	1,198	1,617	6,156	30,753
1982	8,510	5,976	6,880	1,388	1,325	24,079	2,123	650	2,495	5,268	29,335
1983	10,417	7,864	8,350	1,573	1,544	29,748	2,344	834	2,741	5,919	35,667
1984*											
1ST QUARTER	2,426	2,346	2,173	401	375	7,721	694	228	709	1,631	9,352
2ND QUARTER	2,752	2,072	2,311	397	385	7,917	599	235	643	1,477	9,394
3RD QUARTER	2,694	2,055	2,325	426	383	7,883	648	175	634	1,457	9,340
4TH QUARTER	2,470	1,823	2,202	416	353	7,264	642	139	602	1,383	8,647
TOTAL YEAR	10,342	8,296	9,011	1,640	1,496	30,785	2,583	777	2,588	5,948	36,733
1985*											
1ST QUARTER	2,372	1,826	1,905	395	332	6,830	724	210	718	1,652	8,482
2ND QUARTER	2,982	1,987	2,508	505	409	8,391	723	220	727	1,670	10,061
3RD QUARTER	2,797	1,898	2,486	399	387	7,967	705	177	679	1,561	9,528
4TH QUARTER	2,479	1,881	2,274	400	360	7,394	689	125	626	1,440	8,834
TOTAL YEAR	10,630	7,592	9,173	1,699	1,488	30,582	2,841	732	2,750	6,323	36,905
1986*											
1ST QUARTER	2,794	2,162	2,384	435	397	8,172	829	120	730	1,679	9,851
2ND QUARTER											
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	2,794	2,162	2,384	435	397	8,172	829	120	730	1,679	9,851

* SUBJECT TO REVISION.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING

06/08/23G

TABLE 2

ESTIMATED REGIONAL SOURCES OF DOMESTIC CONSUMPTION OF LUMBER (NET IMPORTS ALLOCATED)

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
1979	[illegible]641	12,069	10,820	1,981	5,575	36,086	3,054	3,387	6,441	42,527
1980	8,774	14,081	11,626	2,026	4,302	40,809	3,158	3,732	6,890	47,699
1981	[illegible]996	15,133	11,559	1,849	5,003	42,640	3,242	3,755	6,997	49,637
1982	[illegible]060	14,248	10,553	1,729	5,018	40,608	3,342	3,597	6,939	47,547
1983	[illegible]256	11,461	8,509	1,563	4,542	33,832	3,028	3,244	6,272	40,104
1984	8,177	10,888	7,760	1,463	3,836	32,064	3,202	2,653	5,855	37,919
1985	8,232	10,381	7,316	1,327	3,917	31,173	2,031	3,066	5,098	36,270
1986	10,233	14,103	8,848	1,558	4,995	39,742	2,121	3,276	5,397	45,138
1984										
1ST QUARTER	2,488	3,854	2,284	416	1,308	10,350	636	854	1,490	11,840
2ND QUARTER	2,722	4,965	2,564	425	1,405	11,085	624	908	1,532	12,617
3RD QUARTER	2,682	4,070	2,430	410	1,466	11,058	645	805	1,450	12,508
4TH QUARTER	2,505	3,782	2,329	393	1,355	10,363	613	711	1,323	11,687
TOTAL YEAR	10,402	15,672	9,606	1,643	5,534	42,857	2,518	3,277	5,795	48,652
1985*										
1ST QUARTER	2,381	3,640	2,002	382	1,304	9,708	696	914	1,610	11,318
2ND QUARTER	2,928	4,343	2,582	491	1,643	11,987	742	983	1,726	13,713
3RD QUARTER	2,665	4,127	2,663	434	1,527	11,418	685	830	1,515	12,932
4TH QUARTER	2,458	3,831	2,426	389	1,440	10,544	678	755	1,433	11,977
TOTAL YEAR	10,432	15,941	9,674	1,696	5,914	43,657	2,801	3,482	6,283	49,941
1986*										
1ST QUARTER	2,668	3,957	2,344	378	1,466	10,813	762	793	1,556	12,369
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										
TOTAL YEAR	2,668	3,957	2,344	378	1,466	10,813	762	793	1,556	12,369

* SUBJECT TO REVISION

** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHERS.

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

06/06/86

TABLE 3

IMPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	OTHER FIR	HEMLOCK	SPRUCE	PINE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES (SAWED)	TOTAL LUMBER
1976	744.2	91.3	1,083.8	4,116.0	1,305.4	480.9	8.7	121.2	7,960.8	228.3	8.2	8,187.3
1977	990.7	299.4	1,219.2	5,361.6	1,745.5	537.7	28.2	154.0	10,380.3	341.1	7.4	10,728.8
1978	976.2	508.9	1,219.8	6,312.9	1,916.9	657.5	41.8	190.6	11,824.6	361.4	12.3	12,198.3
1979	827.3	588.3	912.3	6,740.4	1,182.5	637.8	25.4	193.7	11,117.7	376.2	29.3	11,523.2
1980	559.0	440.8	627.8	6,167.9	1,023.9	543.4	20.7	156.6	9,540.1	293.2	31.3	9,864.6
1981	483.3	534.7	467.0	6,010.7	941.2	574.4	17.0	175.9	9,204.2	291.1	24.9	9,520.7
1982	504.3	460.7	293.9	6,341.2	801.6	539.0	26.8	149.4	9,116.9	211.0	26.2	9,356.0
1983	600.3	708.6	416.7	8,354.4	919.8	664.1	27.5	239.9	11,977.4	260.5	12.5	12,250.4
1984												
1ST QUARTER	140.1	151.1	135.0	2,152.8	240.7	190.9	9.4	25.6	3,095.6	85.2	3.1	3,184.4
2ND QUARTER	137.1	168.6	96.8	2,390.5	251.8	136.3	9.0	59.3	3,249.4	87.1	6.6	3,343.1
3RD QUARTER	147.5	264.4	140.5	2,551.2	225.8	200.9	8.9	72.8	3,612.0	73.9	8.0	3,693.9
4TH QUARTER	178.2	181.0	142.6	2,377.0	183.4	176.1	7.7	67.3	3,313.2	81.0	6.5	3,400.7
TOTAL YEAR	603.0	765.1	514.9	9,471.4	901.6	704.1	35.0	225.0	13,270.2	327.2	24.2	13,622.2
1985												
1ST QUARTER	154.6	189.1	171.1	2,257.0	165.8	210.2	26.9	66.9	3,241.6	105.9	3.2	3,350.7
2ND QUARTER	205.9	200.0	185.6	2,907.4	257.8	253.3	10.2	84.2	4,004.3	96.1	11.8	4,177.2
3RD QUARTER	247.4	236.0	151.0	2,685.4	215.0	203.2	14.0	89.3	3,841.8	85.3	7.7	3,934.8
4TH QUARTER	157.1	166.8	136.2	2,543.6	198.6	160.7	16.0	76.1	3,455.1	76.3	5.1	3,536.4
TOTAL YEAR	765.1	791.8	643.9	10,393.4	837.2	807.9	67.1	321.5	14,607.8	363.6	27.7	14,999.1
1986												
1ST QUARTER	157.2	166.5	128.4	2,571.0	152.3	208.1	27.3	82.2	3,496.0	95.6	3.8	3,597.4
2ND QUARTER												
3RD QUARTER												
4TH QUARTER												
TOTAL YEAR												

EXPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS												
	DOUGLAS FIR	SOUTHERN PINE	PONDEROSA/ WHITE PINE	REDWOOD	HEMLOCK	SPRUCE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES \4 (SAWED)	TOTAL \5 LUMBER
1976	571.7	141.4	214.0	61.3	294.2	165.5	60.7	25.7		1,534.5	295.5	30.9	1,840.9
1977	488.3	157.8	195.0	48.1	264.2	150.7	61.3	47.9		1,412.4	226.1	19.2	1,657.7
1978	456.9	130.5	136.9	34.3	272.5	135.4	59.2	120.1	23.1	1,368.9	320.1	25.8	1,714.8
1979	505.4	195.1	147.7	30.1	463.7	151.1	56.0	179.4	16.2	1,744.7	306.6	90.5	2,141.8
1980	520.8	261.4	168.1	27.3	511.2	136.4	62.0	248.6	20.2	1,956.0	378.6	128.3	2,462.9
1981	509.0	211.2	223.8	37.7	390.2	141.4	66.9	280.6	16.8	1,877.6	405.7	88.8	2,372.1
1982	457.2	231.8	140.8	22.5	341.7	124.9	40.5	206.0	14.8	1,630.2	356.2	34.4	2,020.8
1983	559.3	208.4	197.3	24.0	376.2	113.9	46.8	207.8	10.8	1,744.5	478.2	47.2	2,269.9
1984													
1ST QUARTER	136.8	39.1	46.9	5.5	77.8	24.9	10.7	42.8	2.9	387.5	117.4	30.9	535.9
2ND QUARTER	159.3	53.5	45.0	15.1	81.8	19.8	10.1	56.0	3.8	444.2	129.3	9.4	582.9
3RD QUARTER	131.7	35.7	46.0	5.2	84.8	25.6	9.7	47.8	3.1	389.7	112.4	24.6	526.7
4TH QUARTER	104.3	44.1	36.3	4.4	93.1	27.7	8.7	56.1	3.3	377.9	107.4	19.7	505.0
TOTAL YEAR	532.1	172.4	174.1	30.1	337.4	98.1	39.2	202.7	13.1	1,599.3	466.5	84.6	2,150.4
1985													
1ST QUARTER	117.5	37.0	37.8	3.4	101.5	21.1	6.3	47.0	2.8	374.4	102.7	3.6	480.7
2ND QUARTER	130.4	44.4	42.1	3.8	83.2	17.2	7.0	55.2	2.8	385.9	97.3	7.7	490.9
3RD QUARTER	113.2	39.5	44.4	3.5	78.2	14.2	6.4	65.5	3.1	368.1	96.3	17.1	481.4
4TH QUARTER	114.4	43.5	43.4	5.0	101.5	8.4	7.8	61.0	1.9	387.0	100.8	4.5	492.3
TOTAL YEAR	475.6	164.4	167.7	15.7	364.4	60.8	27.4	228.7	10.6	1,515.4	397.1	32.9	1,945.3
1986													
1ST QUARTER	135.9	42.2	49.7	2.9	130.1	24.6	6.8	76.2	2.4	470.9	112.0	4.5	587.4
2ND QUARTER													
3RD QUARTER													
4TH QUARTER													
TOTAL YEAR													

1. Sawed timber, board planks and scantlings, flooring, box shook and railroad ties.
2. Includes siding and softwood lumber drilled or treated. Beginning 1978 includes siding and flooring. For exports, figures not availa prior to 1978.
3. Includes hardwood flooring, siding and hardwood lumber drilled or treated.
4. Includes a small amount of hewn railroad ties. Beginning with 19[illegible] includes mine timber.
5. Includes box shook: 1973 - 4.4 mbf; 1974 - 6.1 mbf; 1975 - 4.1 mbf; 1976 - 6.0 mbf; 1977 - 5.8 mbf. Beginning with 1978 box shook is reported in appropriate species.

SOURCE: Foreign Agricultural Service, U.S. Department of Agriculture; Forest Products Division, BIF, U.S. DOC, from data of the Foreign Trade Division, Bureau of Census.

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

05/27/86

TABLE 4

ESTIMATED GROSS MILL STOCKS OF LUMBER AND UNFILLED ORDERS FOR LUMBER BY REGION

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
GROSS MILL STOCKS										
DECEMBER 31ST										
1976	1,245	949	1,315	434	271	4,214	453	432	885	5,099
1977	1,192	964	1,329	359	265	4,109	412	385	797	4,906
1978	1,147	983	1,295	377	260	4,032	422	398	820	4,852
1979	1,225	918	1,379	435	273	4,230	558	547	1,105	5,335
1980	1,424	912	1,185	434	273	4,228	780	792	1,572	5,800
1981	1,451	912	1,144	385	270	4,167	841	886	1,727	5,894
1982	1,741	862	1,055	336	276	4,270	775	764	1,539	5,809
1983	1,701	994	1,279	334	291	4,606	708	626	1,334	5,940
1984*										
1ST QUARTER	1,801	1,135	1,405	348	310	4,999	710	632	1,342	6,341
2ND QUARTER	1,808	1,136	1,439	352	312	5,047	722	654	1,376	6,423
3RD QUARTER	1,782	1,083	1,368	344	304	4,881	765	721	1,486	6,367
4TH QUARTER	1,808	914	1,257	325	290	4,594	795	761	1,556	6,150
1985*										
1ST QUARTER	1,875	969	1,348	391	304	4,887	797	969	1,766	6,653
2ND QUARTER	1,817	863	1,308	350	292	4,630	820	982	1,829	6,459
3RD QUARTER	1,847	900	1,297	360	296	4,700	849	990	1,904	6,604
4TH QUARTER	1,863	909	1,295	355	297	4,719	853	1,009	1,913	6,632
1986*										
1ST QUARTER	1,852	933	1,338	421	302	4,846	864	1,074	1,938	6,784
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										
ESTIMATED UNFILLED ORDERS										
DECEMBER 31ST										
1976	450	634	554	227	264	2,129	243	157	400	2,529
1977	488	565	590	271	267	2,181	292	214	506	2,687
1978	535	553	469	234	259	2,050	332	253	585	2,635
1979	553	529	403	138	246	1,869	256	163	419	2,288
1980	499	499	326	111	230	1,665	197	90	287	1,952
1981	544	429	219	111	222	1,525	225	121	346	1,871
1982	590	612	324	150	244	1,920	221	144	365	2,285
1983	793	674	410	141	260	2,278	253	182	435	2,713
1984*										
1ST QUARTER	692	824	457	121	263	2,357	289	228	517	2,874
2ND QUARTER	664	633	373	78	246	1,994	235	182	417	2,411
3RD QUARTER	640	650	414	89	248	2,041	212	157	369	2,410
4TH QUARTER	561	561	407	108	240	1,877	222	167	389	2,266
1985*										
1ST QUARTER	515	580	413	118	240	1,866	248	169	417	2,300
2ND QUARTER	525	555	499	128	246	1,953	224	160	384	2,334
3RD QUARTER	617	563	460	89	247	1,976	234	159	390	2,383
4TH QUARTER	595	528	433	95	243	1,894	227	140	373	2,284
1986*										
1ST QUARTER	678	638	553	149	261	2,279	280	216	496	2,775
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										
UNFILLED ORDERS IN RELATION TO GROSS MILL STOCKS (Unfilled Orders As Percentage of Mill Stocks)										
1976	36%	67%	42%	52%	97%	51%	54%	36%	45%	50%
1977	41%	59%	44%	75%	101%	53%	71%	56%	63%	55%
1978	45%	61%	36%	62%	100%	51%	79%	64%	71%	54%
1979	45%	58%	29%	32%	90%	44%	46%	30%	38%	43%
1980	35%	55%	28%	26%	84%	39%	25%	11%	18%	34%
1981	37%	47%	19%	29%	82%	37%	27%	14%	20%	32%
1982	34%	71%	31%	45%	88%	45%	29%	19%	24%	39%
1983	46%	68%	32%	42%	89%	49%	36%	29%	33%	46%
1984*										
1ST QUARTER	38%	73%	33%	35%	85%	47%	41%	36%	39%	45%
2ND QUARTER	37%	56%	26%	22%	79%	40%	33%	28%	30%	38%
3RD QUARTER	36%	60%	30%	26%	82%	42%	28%	22%	25%	38%
4TH QUARTER	31%	61%	32%	33%	83%	41%	28%	22%	25%	37%
1985*										
1ST QUARTER	27%	60%	31%	30%	79%	38%	31%	17%	24%	35%
2ND QUARTER	29%	64%	38%	37%	84%	42%	27%	16%	20%	36%
3RD QUARTER	33%	63%	35%	25%	83%	42%	28%	16%	20%	36%
4TH QUARTER	32%	58%	33%	27%	82%	40%	27%	14%	19%	34%
1986*										
1ST QUARTER	37%	68%	41%	35%	86%	47%	32%	20%	26%	41%
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										

* SUBJECT TO REVISION.

** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHER.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

provision. Enactment of this provision would bolster the effort by the Coalition for Fair Lumber Imports to secure a favorable ruling in the countervailing duty petition. An amendment to strike the provision from the bill was overwhelmingly defeated prior to passage.

Red Cedar Shake and Shingles Win on a 201 Complaint

In a separate proceeding unrelated to the softwood lumber case, the Administration imposed duties for five years on red cedar shakes and shingles from Canada. The Section 201 complaint was brought by the Northwest Independent Forest Manufacturers earlier this year. Section 201 of the 1974 Trade Act gives discretionary authority to the President to aid a domestic industry economically injured by foreign competition. Section 201 provides for a temporary remedy -- in this case, five years -- while the domestic industry implements a plan to increase its competitiveness. Needless to say, the Canadian government has protested vehemently and, as of this writing, has initiated retaliatory measures on selected U.S. products entering Canada.

As a practical matter, the decision on red cedar shakes and shingles will buy some time for producers of this specialty product in the Northwest to become more competitive. Shakes and shingles are a $180 million industry, heavily concentrated in the Pacific Northwest. Figure 1 shows total production of red cedar shakes and shingles during the past decade. The industry employs currently some 1,500 workers in the United States; however, about 70 percent of the production came from Canada last year. Producers in the United States face a timber supply shortage because little red cedar is available commercially in the U.S. The future success of the shake and shingle industry may lie in other species treated for resiliency and fire retardancy.

Canada/U.S. Relations Enter Into 1986 Forecast

There is no way of predicting accurately the outcome of the mounting trade war with Canada, nor it is really possible to predict the full economic effects of any action by the U.S. or Canada given the dynamic nature of the North American economy, and wood markets in particular. Ultimately, the laws of supply and demand will determine price levels, and producers' behavior in supplying the market. But we'll put ourselves out on a limb and guesstimate: should duties (or some other restriction) be imposed, imports during the fourth quarter will decline by 10 to 20 percent. This will have the ultimate impact of lowering the level of imports for the year to a volume of 14.2 billion, or about the same level as 1985. Market share will have been reduced to 31 percent. The impact in the market will most likely be felt in 1987 after the pipeline of pre-duty inventories and shipments clears.

Economic Developments of Other Developments Can't Be Underestimated

A few other prospective developments are worth mentioning for their impact on the wood industry. First, Treasury Secretary Baker is attempting to reach agreement with other industrialized nations to exert more control over exchange rates. Proposals will be discussed by Finance ministers and representatives of parliaments in Zurich at the end of June.

Second, Gramm-Rudman-Hollings stands to affect the industry in a number of important ways. Producers dependent on public timber may find supply shortages in the event that Gramm-Rudman-Hollings leads to reductions in the Forest Service's timber sales program. Other programs important to producers in other regions stand to be affected as well, such as fire suppression and insect control programs. On the upside, getting control of the ballooning deficits should maintain a healthy rate of economic growth with declining real interest rates.

And, Of Course, There's Tax Reform

Gramm-Rudman-Hollings is in some ways intertwined with the outcome of tax reform this year. Preliminary reports indicate that the Senate Finance Committee proposal would result in some revenue swings which would affect the implementation of Gramm-Rudman-Hollings. That unfolding development notwithstanding, the Senate Finance Committee proposal on tax reform has a number of

long term implications for the wood industry. In general, for all corporations, the proposal would shift about $100 billion of tax burden away from individuals to corporations. The removal of the investment tax credit (ITC), and addition of an alternative minimum tax, will raise the tax liability of many corporations in the wood industry. This is true even though the maximum corporate rate is reduced from 46 percent to 33 percent.

On the timber side, the proposal increases capital gains tax rates for corporations to a maximum of 33 percent from 28 percent. Timber management costs can be expensed, as under current law. For nonindustrial landowners, capital gains is repealed altogether. Timber income would no longer have a preference.

Manufacturing is impacted by removal of the ITC and changes in accelerated cost recovery schedules. The latter will allow faster write-off for some types of equipment commonly used in the forest industry sector, while increasing it for others.

On the market side, mortgage interest deductions are retained for primary as well as secondary residences. Commercial real estate and rental housing are losers. Depreciation is increased on these investments, while deductibility of interest expenses for passive investors is limited, as are the use of most tax shelters which use tax treatments to show profit.

The forest products industry is seeking to retain those provisions in current law which tend to encourage long-term management of timber resources by both corporations and nonindustrial owners. This bill hurts farmers and others who periodically harvest timber because it increases their tax liability from a maximum of 20 percent under current law (the capital gains rate) to 27 percent (the top individual bracket under the proposal).

The Forecast In Brief

What does all this mean? In brief, demand is strong and will remain so for the balance of the year. We are guessing imports will decline in the last quarter of the year. Demand during the last quarter may decline because of firmer markets (but not enough to preclude a record consumption year again). Exports will be up at least 10 - 15 percent in value, if not in volume. Finally, producers will start reassessing their balance sheets and planned capital expenditures as tax reform unfolds.

THE NFPA FORECAST:

Indicators

	1984	1985 (Est.)	1986 Forecast
Single Family Housing Starts (000)	1084.2	1121.0	1200
Multi-unit HousingStarts (000)	671.6	659.0	650
Mobile Home Shipments (000)	295.2	283.0	280
Other Construction (Billion 1977 $)	122.6	136.5	135
Industrial Production Index (1977 = 100)	121.8	124.5	127
Furniture and Fixtures Index (1977 = 100)	136.7	141.6	149

Production and Trade

	Softwood Lumber (Bil BF)	Hardwood Lumber (Bil BF)	Structural Panels (Bil SF)	Particleboard & MDF (Bil SF)
1984 U.S. CONSUMPTION	42.9	6.2	21.2	4.4
-imports	13.2	0.3	-	0.5
+exports	1.6	0.5	0.4	0.1
=SHIPMENTS	31.3	6.4	21.6	4.0
+inventory change	0.1	0.1	-	0.2
=PRODUCTION	31.2	6.3	21.6	3.8
1985 U.S. CONSUMPTION (Est.)	43.7	6.7	23.0	4.2
-imports	14.6	0.3	-	0.6
+exports	1.5	0.4	0.3	0.1
=SHIPMENTS	30.8	6.8	23.1	3.7
+inventory change	0.1	0.3	-	-
=PRODUCTION	30.7	6.5	23.1	3.7
1986 FORECAST				
U.S. CONSUMPTION	45.4	6.4	23.0	4.2
-imports	14.1	0.3	-	0.4
+exports	1.6	0.4	0.6	0.1
=SHIPMENTS	32.9	6.5	23.6	3.9
+inventory change	0.2	1.0	-	-
=PRODUCTION	32.7	6.6	23.6	3.9

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ECONOMY WATCH -- GNP REVISED DOWNWARD

The Commerce Department revised downward its estimate of first quarter economic growth from 3.7 percent to 2.9 percent. Sluggishness in the economy was also evident recently with figures on factory output and new orders. The agency reports that factory operating rates in April were down 2.2 percent during the first four months of 1986.

In the meantime, housing continues to benefit from lower interest rates. Although new starts fell seven percent in May, the annual rate of new starts still exceeded 1.8 million for the month. The percentage of single-family starts during May was 67 percent, up substantially from previous months. Last year's single-family starts represented 63.4 percent of the total for the same period.

ENERGY SELF-SUFFICIENCY PREVAILS IN WOOD PRODUCTS MANUFACTURE

Companies reporting energy data to the National Forest Products Association (NFPA) improved energy efficiency by 38.7 percent in 1985 when compared with a reference year of 1978. This result parallels an increase in the use of wood fuels over the period. Companies now rely on wood and wood-derived fuels for 76 percent of their total energy needs, up from 68.9 percent in 1978.

NFPA annually collects energy data from thirteen large energy consumers in the wood products industry. The companies supplying information for 1985 are integrated companies representing mills in every U.S. region, and together operate an estimated 400 lumber, panel product, flooring, millwork and treated product mills.

Compared with the pulp and paper segment of the forest-based industry, and many other manufacturing sectors, the wood products industry is not energy intensive. Energy costs account for only about two percent of the value of wood products shipments (energy costs as a percent of shipments of pulp and paper is approximately 11.2 percent). But for many companies, energy represents one area where costs can be controlled through prudent investments in plant and equipment. According to a survey of new boiler sales conducted by the American Boilers Manufacturers Association, 100 percent of the steaming capacity represented by sales to the lumber and wood products industry since 1982 use wood

MONTHLY STATISTICAL HIGHLIGHTS

Lumber shipments, softwood and hardwood, were up 5.7 percent during the first four months of the year.

Imports of Canadian softwood lumber in May were up 5.8 percent since April, and up 7.2 percent year-to-date from the same period last year. This represents a market share of 32.5 percent so far in 1986.

The value of total exports was up 9 percent during the first four months from the same period last year. For the same period, the value of softwood plywood exports was up 80.6 percent; volume was up 72.2 percent.

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fuel as the principal fuel. (Table I.) In addition, many companies have found they can sell electric power, much of which is cogenerated, further lowering their costs. In 1985, reporting companies generated a total of 457.6 million Kwh of electric power in their wood products operations for internal use or resale.

Table II summarizes energy consumption of the reporting companies by energy source for each of the past eight years.

Table I: New boiler sales in recent [illegible]rs use wood as their principal fuel.

SALES OF NEW BOILERS TO THE LUMBER & WOOD PRODUCTS INDUSTRY

Year	Number of Units	Total Steaming Capacity (000's PPH)	Percent With wood as Principal Fuel
1972	56	1,641	72%
1973	70	4,717	89%
1974	40	3,554	66%
1975	7	2,004	69%
1976	10	1,366	48%
1977	24	1,494	97%
1978	25	1,989	88%
1979	20	1,513	96%
1980	7	540	100%
1981	14	962	100%
1982	8	1,130	100%
1983	2	205	100%
1984	13	995	100%
1985	5	365	100%

Source: American Boiler Manufacturers Assn. Compiled by API

Total energy use in 1985 was 157,321.3 billion Btu's, of which 119,528.9 billion Btu's were from wood sources. Total energy usage decreased slightly from 1984. Despite lower oil prices, which dropped dramatically during the second half of 1985, companies did not increase their proportionate overall use of residual or distillate fuel oil for the year.

Table III identifies the product mix of the reporting companies. Standard measures for all product lines were converted to a common cubic foot equivalent. In 1985, conventional energy usage (excluding wood fuels) per unit of production was calculated to be 18.7 Btu's. This is 41 percent lower than reported for 1978, although up slightly (4.5 percent) from 1984. Figure 1 illustrates energy consumption per unit of production since 1978.

Figure 1: Energy usage per unit of production show a decline in recent years.

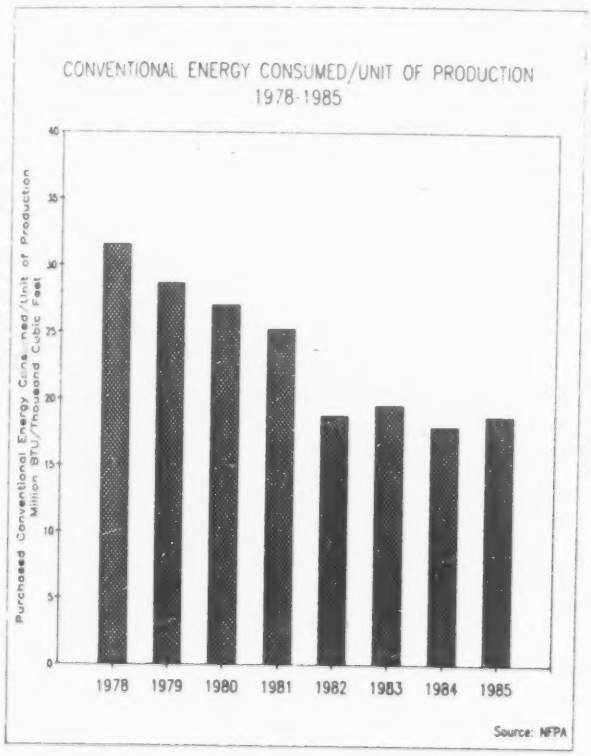


Table II: Energy consumption statistics for thirteen large lumber producing companies.

ENERGY CONSUMPTION OF THIRTEEN REPORTING COMPANIES BY ENERGY SOURCE
LUMBER AND WOOD PRODUCTS INDUSTRY

		1985			1984			1983			1982		
ENERGY SOURCE	UNITS	ACTUAL USE	BILLION BTU	% OF TOTAL	ACTUAL USE	BILLION BTU	% OF TOTAL	ACTUAL USE	BILLION BTU	% OF TOTAL	ACTUAL USE	BILLION BTU	% OF TOTAL
Purchased Electricity	MMKWH	4736.0	16159.3	10.3%	5178.4	17668.8	11.3%	5189.6	17707.0	11.1%	4332.4	14781.7	10.6%
Purchased Steam	MMLBS	5662.1	7193.5	4.6%	1736.5	2176.3	1.4%	2284.3	2730.9	1.7%	868.5	1006.9	0.7%
Natural Gas	MMCF	7409.6	7524.1	4.8%	9261.6	9431.2	6.0%	9637.1	9813.8	6.1%	8008.6	8170.2	5.8%
Liquid Propane Gas	M GALS	13361.3	1249.6	0.8%	12012.2	1126.5	0.7%	12563.3	1179.0	0.7%	9496.4	891.9	0.6%
Gasoline	M GALS	2563.8	311.1	0.2%	1998.5	249.9	0.2%	2258.7	282.9	0.2%	2103.4	263.3	0.2%
Kerosene	M GALS	301.2	0.4	0.0%	9.9	1.3	0.0%	6.3	0.9	0.0%	6.5	0.9	0.0%
Distillate Fuel Oil (includes diesel)	M BBLS	623.2	1887.1	1.2%	311.6	1828.8	1.2%	374.4	1836.6	1.2%	260.9	1510.1	1.1%
Residual Fuel Oil	M BBLS	5888.7	890.5	0.6%	164.3	1035.0	0.7%	206.1	1695.7	1.1%	248.4	1564.6	1.1%
Coal	M Tons	99.9	2576.9	1.6%	104.4	2690.5	1.7%	106.8	2751.7	1.7%	87.2	2072.6	1.5%
Other Purchased Energy			0.0	0.0%		0.0	0.0%		327.8	0.2%		12.6	0.0%
Total Purchased Electricity, Steam and Fossil Fuels			37792.4	24.0%		36208.2	23.1%		38326.3	24.0%		30274.8	21.6%
Self Generated Hogged Fuel, Wood, and Bark	M Tons	9447.8	102843.7	65.4%	10137.7	109897.6	70.0%	12185.7	110808.9	69.4%	8644.3	97713.6	69.9%
Purchased Hogged Fuel, Wood, and Bark	M Tons	799.7	7537.4	4.8%	1073.7	10627.6	6.8%	1118.9	10340.6	6.5%	1244.1	11729.9	8.4%
Other Self-Generated and Residue Fuels			9147.8	5.8%		226.6	0.1%		224.7	0.1%		156.2	0.1%
Total Hogged Fuel, Wood, and Residue Fuels			119528.9	76.0%		120751.8	76.9%		121374.2	76.0%		109599.7	78.4%
TOTAL ALL ENERGY			157321.3	100.0%		156960.0	100.0%		159700.5	100.0%		139874.5	100.0%

(CONT'D)

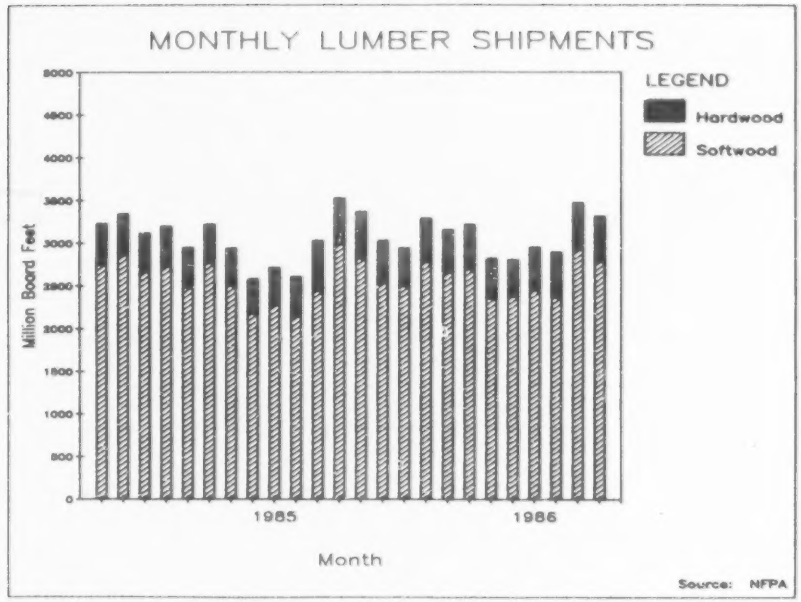
ENERGY CONSUMPTION OF THIRTEEN REPORTING COMPANIES BY ENERGY SOURCE
LUMBER AND WOOD PRODUCTS INDUSTRY

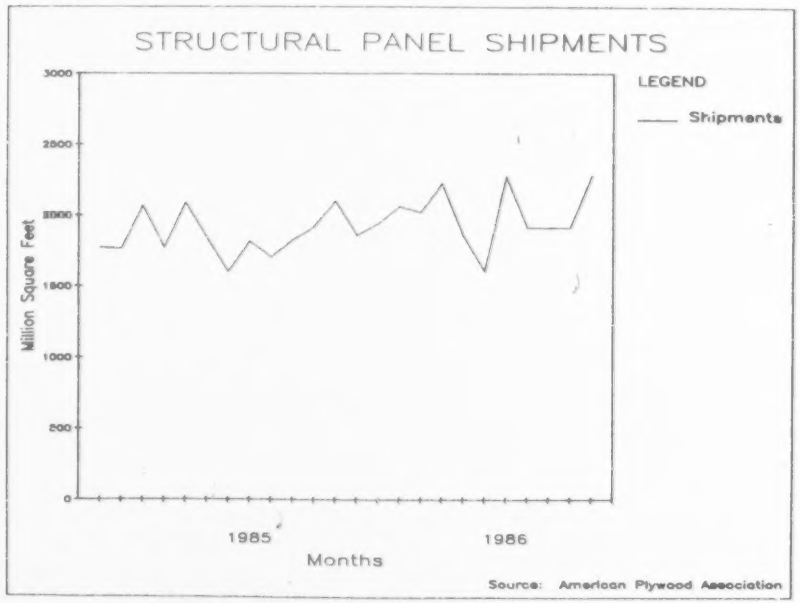
ENERGY SOURCE	UNITS	1981 ACTUAL USE	1981 BILLION BTU	1981 % OF TOTAL	1980 ACTUAL USE	1980 BILLION BTU	1980 % OF TOTAL	1979 ACTUAL USE	1979 BILLION BTU	1979 % OF TOTAL	1978 (REFERENCE YEAR) ACTUAL USE	1978 (REFERENCE YEAR) BILLION BTU	1978 (REFERENCE YEAR) % OF TOTAL
Purchased Electricity	MMKWH	4913.1	16763.3	10.7%	4879.6	16649.1	10.2%	5376.6	18333.5	9.9%	5423.7	19338.3	10.3%
Purchased Steam	MMLBS	1597.6	1842.4	1.2%	2886.0	3351.4	2.1%	1619.5	1943.4	1.1%	1509.9	1961.4	1.0%
Natural Gas	MMCF	15065.7	15349.4	9.8%	14944.9	15212.8	9.3%	17685.1	17976.7	9.7%	18383.2	19506.3	10.4%
Liquid Propane Gas	M GALS	7833.5	736.2	0.5%	7733.7	725.1	0.4%	9824.6	915.1	0.5%	12662.3	1260.5	0.7%
Gasoline	M GALS	2003.8	251.0	0.2%	3048.5	381.4	0.2%	2770.4	346.5	0.2%	2827.1	353.4	0.2%
Kerosene	M GALS	4.2	0.6	0.0%	7.7	1.1	0.0%	1.0	0.1	0.0%	1.8	0.2	0.0%
Distillate Fuel Oil (includes diesel)	M BBLS	322.4	1871.9	1.2%	392.3	2269.2	1.4%	422.5	2433.3	1.3%	531.5	3493.5	1.9%
Residual Fuel Oil	M BBLS	229.1	1442.8	0.9%	637.4	4015.4	2.5%	1309.1	8222.8	4.5%	1532.5	9690.9	5.2%
Coal	M Tons	96.7	2492.2	1.6%	112.1	2887.3	1.8%	94.9	2441.4	1.3%	103.6	2669.5	1.4%
Other Purchased Energy			0.0	0.0%		0.0	0.0%		0.0	0.0%		0.0	0.0%
Total Purchased Electricity, Steam and Fossil Fuels			40749.8	26.1%		45492.8	27.9%		52612.8	28.5%		58274.0	31.1%
Self Generated Hogged Fuel, Wood, and Bark	M Tons	9836.1	106180.5	67.9%	11502.5	112387.2	68.9%	12391.8	124785.0	67.5%	12269.7	122804.0	65.6%
Purchased Hogged Fuel, Wood, and Bark	M Tons	949.6	9279.4	5.9%	489.8	4363.1	2.7%	664.6	5331.1	2.9%	474.3	3872.2	2.1%
Other Self-Generated and Residue Fuels			163.8	0.1%		845.3	0.5%		2040.2	1.1%		2261.1	1.2%
Total Hogged Fuel, Wood, and Residue Fuels			115623.7	73.9%		117595.6	72.1%		132156.3	71.5%		128937.3	68.9%
TOTAL ALL ENERGY			156373.5	100.0%		163088.4	100.0%		184769.1	100.0%		187211.3	100.0%

NFPA ECONOMICS MONTHLY
June, 1986

MONTHLY STATISTICS FOR THE WOOD PRODUCTS INDUSTRY

	ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION				
	APRIL 1986			APRIL 30, 1986	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER		(Million Board Feet)			
Southern Pine Region	878	842	781	618	1,888
Douglas Fir Region	739	723	679	594	949
Western Pine Region	893	891	836	498	1,340
California Redwood Region	177	194	186	141	404
Other Softwoods	137	135	127	253	305
TOTAL SOFTWOODS	2,824	2,785	2,609	2,104	4,886
% Change - March 1986	-0.3%	-5.4%	-14.5%	-7.7%	0.8%
% Change - April 1985	2.2%	-6.3%	-19.5%	-1.5%	4.4%
HARDWOOD LUMBER					
Southern Hardwood Region	257	256	243	267	865
Appalachian Hardwood Reg.	47	47	45	*	*
Other Hardwoods	234	233	221	202	1,075
TOTAL HARDWOODS	538	536	509	469	1,940
% Change - March 1986	3.1%	-0.9%	-12.8%	-5.4%	0.1%
% Change - April 1985	-10.3%	-7.4%	-9.6%	12.2%	8.6%
TOTAL LUMBER	3,362	3,321	3,118	2,573	6,826
% Change - March 1986	0.2%	-4.7%	-14.2%	-7.3%	0.6%
% Change - April 1985	-0.1%	-6.5%	-18.1%	0.7%	5.6%
* Included in Other Hardwoods					
FLOORING		(Thousand Feet)			
Oak Flooring (Bd. Ft.)	NA	12,404	NA	8,569	3,624
Maple Flooring (Sq. Ft.)	1,253	979	1,269	3,854	2,563
STRUCTURAL PANELS	2,371,148	2,281,282	2,119,455	623,058	746,000
% Change - March 1986	13.1%	9.2%	-5.1%	-17.7%	139.9%
% Change - April 1985	24.5%	18.7%	5.6%	16.9%	72.9%





YEAR-TO-DATE PRODUCTION, SHIPMENTS, AND ORDERS

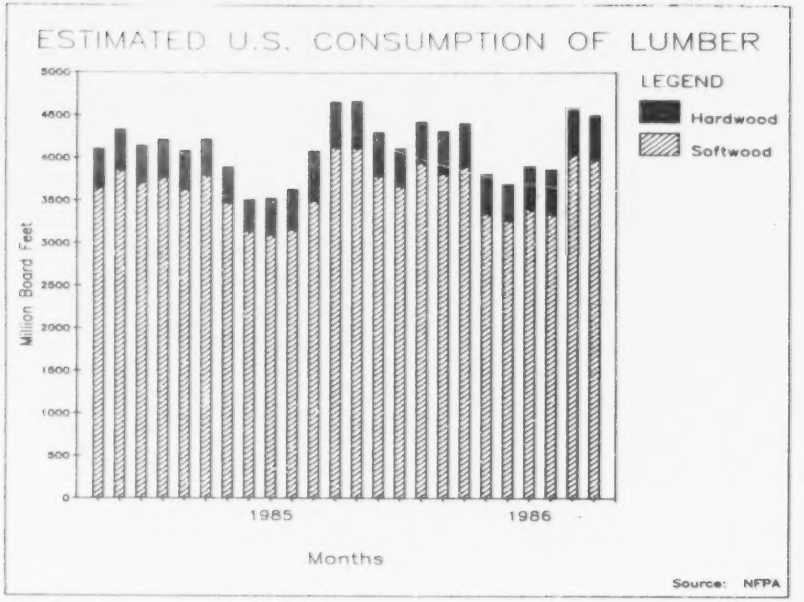
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	4 mos.'86	4 mos.'85	4 mos.'86	4 mos.'85	4 mos.'86	4 mos.'85
	(Million Board Feet)					
TOTAL LUMBER	12,881	6.4%	12,687	5.7%	12,976	5.6%
TOTAL SOFTWOOD	10,745	8.6%	10,578	7.8%	10,788	7.1%
TOTAL HARDWOOD	2,136	-3.4%	2,109	-3.5%	2,188	-1.2%

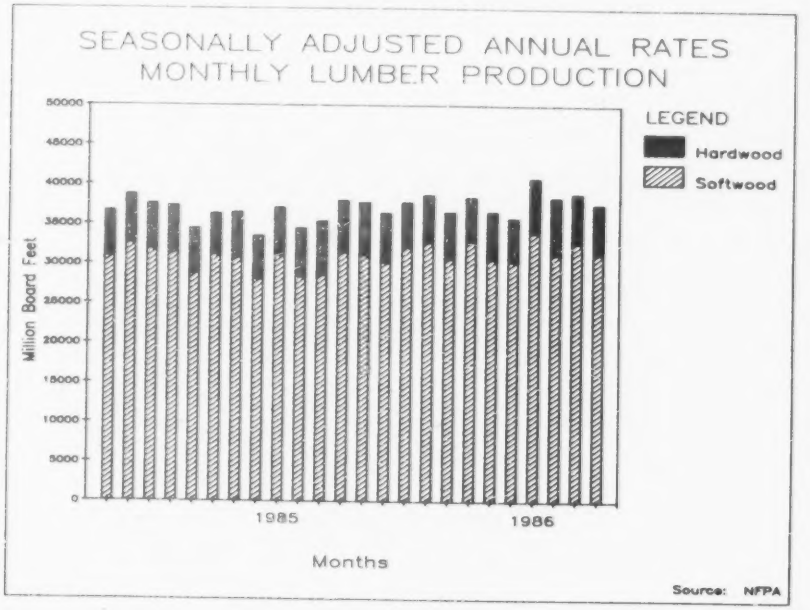
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		% Change From			% Change From	
LUMBER REGION	Apr. '86	Mar. '86	Apr. '85	Apr. '86	Mar. '86	Apr. '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	9,972	-13.5%	-12.8%	9,768	-17.0%	-24.9%
Douglas Fir	8,035	-1.5%	6.2%	7,905	-14.3%	1.1%
Western Pine	9,628	-0.7%	5.2%	9,942	-8.0%	5.7%
Calif. Redwood	2,131	17.2%	36.3%	2,187	19.2%	26.5%
Other Softwoods	1,537	-6.2%	-0.3%	1,544	-11.4%	-3.8%
TOTAL SOFTWOODS	31,303	-4.7%	0.1%	31,346	-11.4%	-6.6%
TOTAL HARDWOODS	6,291	1.8%	-10.4%	6,112	-2.3%	-7.3%
TOTAL LUMBER	37,594	-3.6%	-1.8%	37,458	-10.0%	-6.7%

U.S. LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Apr. '86	Mar. '86	Apr. '85	4 mos.'86	4 mos.'85
	(Million Board Feet)				
Total Consumption	4,502	-1.7%	-3.8%	16,877	5.5%
Softwood Consumption	3,981	-1.7%	-3.0%	14,801	7.2%
Hardwood Consumption	520	-2.3%	-9.6%	2,076	-5.0%

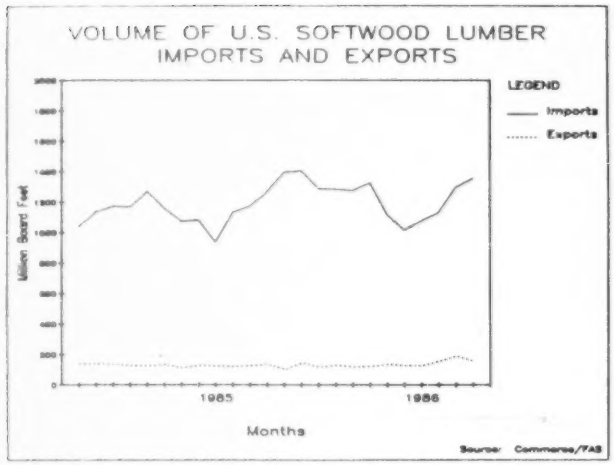


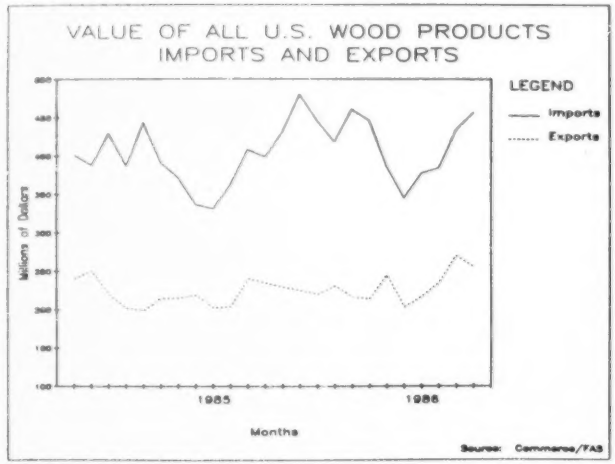


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE ($000)			
		Apr. '86	4 mo. 1986	% Change From Mar. '86	% Change From 4 mo. 1985	Apr. '86	4 mo. 1986	% Change From Mar. '86	% Change From 4 mo. 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	157.7	628.5	-16.7%	23.1%	51,753	201,926	-15.9%	15.9%
To Canada	MMBF	33.3	120.3	11.2%	31.6%	8,301	29,567	13.9%	18.6%
SOFTWOOD LOGS	MMBF	304.8	1,174.6	-8.6%	-2.9%	101,580	370,024	.0%	-0.3%
SOFTWOOD PLYWOOD	MMSF 3/8"	49.1	256.3	-47.7%	72.2%	10,208	54,413	-45.2%	81.3%
HARDWOOD LUMBER	MMBF	40.9	152.9	8.8%	12.1%	27,983	105,614	4.0%	28.8%
HARDWOOD LOGS	MMBF	11.5	48.7	-37.0%	0.9%	12,062	43,538	5.1%	23.3%
HARDWOOD VENEER	MMSFsurf	73.1	288.0	-25.7%	12.7%	6,334	23,872	-4.9%	15.6%
PARTICLEBOARD	MMSF 3/4"	13.0	53.2	-18.1%	58.0%	2,843	10,280	-1.5%	53.2%
ALL OTHER		NA	NA	NA	NA	42,074	163,527	7.1%	-0.2%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	255,463	976,880	-5.3%	9.0%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,354.0	4,852.0	4.7%	7.6%	286,978	971,099	12.3%	20.2%
From Canada	MMBF	1,346.7	4,806.8	5.8%	7.2%	284,640	962,271	12.5%	20.1%
SOFTWOOD LOGS	MMBF	5.2	11.6	1039.6%	-49.0%	338	1,115	234.7%	-80.6%
SOFTWOOD PLYWOOD	MMSF 3/8"	11.1	40.0	22.4%	35.9%	2,691	10,935	12.4%	106.2%
HARDWOOD LUMBER	MMBF	23.9	119.5	-17.4%	-11.2%	12,824	54,637	-6.4%	-5.3%
HARDWOOD LOGS	MMBF	1.4	5.6	-25.4%	13.6%	286	1,161	6.3%	17.7%
HARDWOOD VENEER	MMSFsurf	122.8	542.5	-22.6%	36.0%	8,456	36,810	-22.8%	-1.7%
HARDWOOD PLYWOOD	MMSF 3/8"	277.9	1,382.4	-27.3%	13.7%	32,721	169,079	-28.7%	-14.6%
HARDBOARD	MMSFsurf	66.8	308.0	-17.1%	43.0%	4,142	19,596	-18.2%	12.2%
PARTICLEBOARD	MSF 3/4"	44.2	172.4	21.9%	-1.4%	11,602	44,038	25.4%	9.4%
ALL OTHER		NA	NA	NA	NA	96,490	343,107	6.8%	18.8%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	456,837	1,652,280	5.3%	14.7%

Note: Volume total is not possible because the products are in different units of measure.



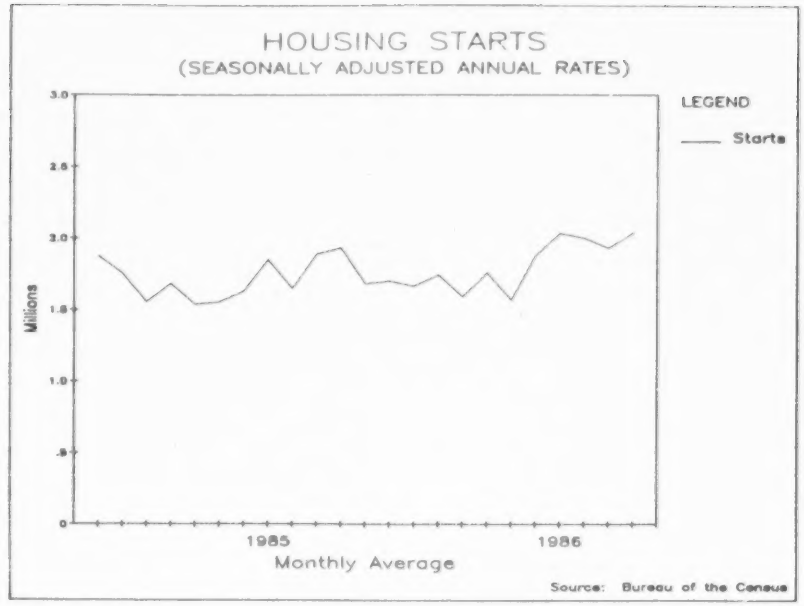


CONSTRUCTION AND HOUSING STATISTICS

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Apr. '86	Mar. '85	Apr. '85	4 mo. '86	4 mo. '85
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	27.8	7.8%	4.1%	101.7	5.3%
Private	22.8	6.5%	1.9%	84.2	3.2%
Residential	12.6	9.6%	9.3%	44.3	4.9%
Nonresidential & Other	6.9	3.0%	-36.4%	27.2	-30.9%
Public	5.0	13.6%	15.2%	17.5	16.4%
	Apr. '86	Mar. '85	Apr. '85	4 mo. '86	4 mo. '85
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	189.8	25.7%	7.8%	563.7	7.9%
New Private Starts	189.8	25.7%	8.0%	563.6	8.1%
Seas. Adj. Annual Rate	2039	4.0%	5.3%		
One-Family Housing Starts	120.3	24.0%	10.7%	354.4	9.4%
Proportion of Total	63.4%			62.9%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	22,900	11.7%	-12.6%	81,000	-8.5%

EMPLOYMENT STATISTICS

		% Change From	
	Apr. '86	Mar. '85	Apr. '85
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	99,797	0.3%	2.8%
All Manufacturing Industries	19,247	.0%	-1.1%
Lumber and Wood Products	720	0.7%	3.7%
Furniture and Fixtures	494	0.2%	-0.6%



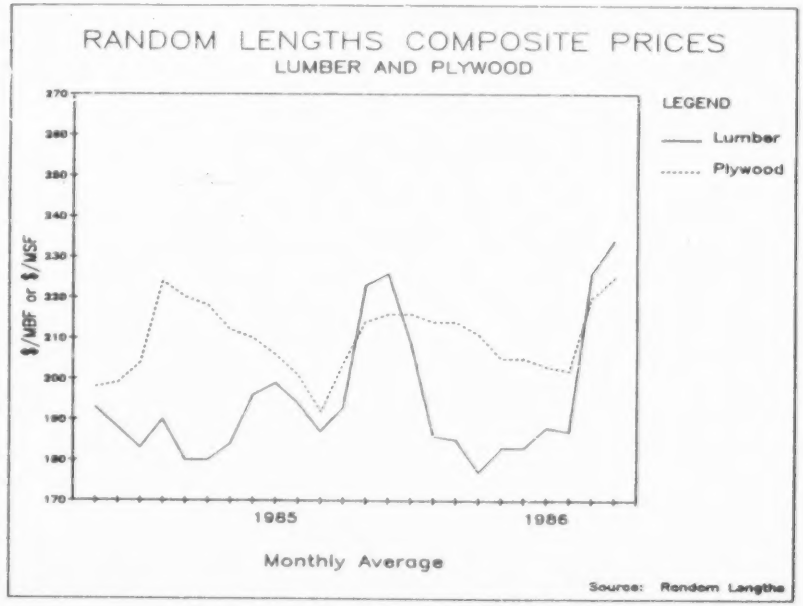


Table III: Product mix of the companies participating in the SIC 24 energy reporting program.

PRODUCTION MIX OF REPORTING COMPANIES
(THOUSAND CUBIC FEET)

	1985	%	1984	%
Lumber	575,098.7	28.5%	578,830.0	28.7%
Plywood & Veneer	466,821.7	23.2%	436,352.9	21.6%
Chips	710,853.6	35.3%	667,666.9	33.1%
Particleboard	131,797.7	6.5%	153,307.4	7.6%
Other Board Products	21,252.7	1.1%	46,103.7	2.3%
Treated Wood Products	7,862.6	0.4%	14,473.4	0.7%
Other Products	102,106.4	5.1%	120,832.5	6.0%
TOTAL	2,015,793.4	100.0%	2,017,566.8	100.0%

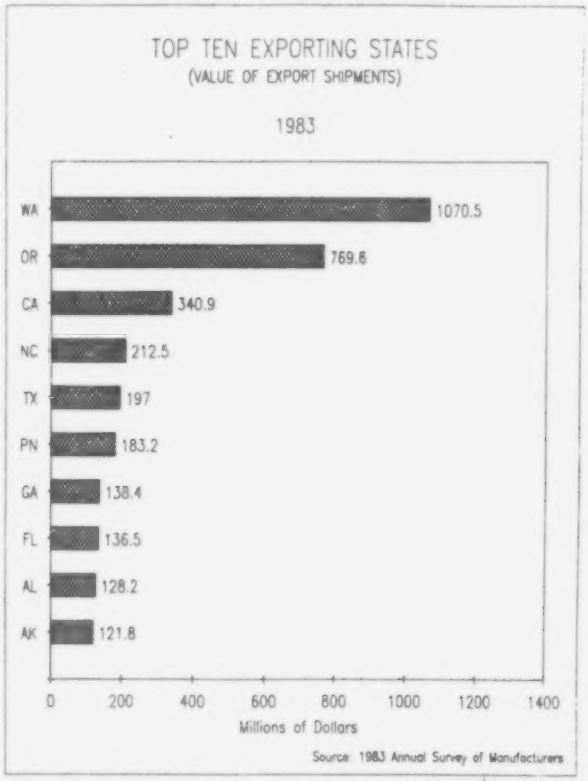
1982 CENSUS OF RETAIL TRADE FINDS 24,940 LUMBER YARDS

In 1982, there were an estimated 24,940 retailers whose main business was the sale of lumber and wood products. These establishments accounted for $31.4 billion in total sales, of which approximately 27 percent was lumber and nine percent plywood. California is the nation's leading state for retail sales of wood products with $3.1 billion in 1982. The payroll of retail lumber establishments totaled $3.7 billion, with the labor force estimated at 263,000 employees.

WASHINGTON LEADS STATE LIST OF WOOD PRODUCT EXPORTERS

Almost one-quarter of all wood products exports originate in the state of Washington. The 1983 Annual Survey of Manufactures reports $1.1 billion of wood products exports from the state. Oregon and California shipped $770 million and $340 million respectively. (Figure 2.) As a market for wood products, exports are most important for the state of Alaska, where 49 percent of the value of shipments is exported to other countries. Exports from Washington account for nearly 26 percent of its shipments, while the state of Pennsylvania exports 12 percent of its wood products. For the industry overall, approximately nine percent of shipments are exported. This is up from less than four percent a decade ago. The major buyer of U.S. wood products is Japan, which primarily buys softwood logs and chips.

Figure 2: Top ten states in value of export shipments.



STATE FOCUS: ALABAMA GROWS ON TREES

Alabama's forest industry is intertwined with the history of the state itself, a traditionally rural one whose land uses have dominated its economy. The forest-based industry, combining the logging, pulp, paper and solid wood

segments, is the largest manufacturing and export industry in the state. (Table IV.) It employs 50,000 people and brings in about $4 billion annually to the state's economy.

In 1984, the state's forest industry consisted of some 1,750 establishments, including logging companies, sawmills, veneer mills, pulp and paper mills, wood chip mills, planing mills, preservative treating plants, plywood mills and other wood-related operations. Approximately 43 percent of Alabama's annual harvest goes to solid wood products, the balance to pulp and paper.

When considered alone, the lumber and wood products industry currently is the sixth-largest manufacturing industry and the third-largest employer in Alabama. It employs 27,000 people, numbers over 1,600 establishments and accounts for $2 billion of annual shipments. Figure 3 details Alabama's employment by county.

Table IV: The lumber and paper industries are leading forces in the economy of Alabama.

ALABAMA
INDUSTRY STATISTICS ON LUMBER AND PAPER

	Lumber & Wood Products	Pulp & Paper
Value of Shipments ($ Million)	$2,037.6	$3,987.7
Total Employment (Thousands)	27.0	19.5
Value of Exports ($ Million)	$128.2	$450.0
Export-Related Employment (Thousands)	1.8	2.1

Source: Dept. of Commerce, 1983 Annual Survey of Manuf.

U.S. Forest Service Survey Shows Ten Year Resource Changes

The 1982 Forest Service survey of Alabama's timber resources highlights important shifts in forest characteristics, and numerous opportunities for improved forest management.

Unlike the situation in other states where forestland appears to be declining, total forested acreage in Alabama increased between 1972 and 1982. Conversions to agriculture, development and other withdrawals were offset by acres diverted back into timber, thus netting a gain of 326,000 acres.

Ownership of Alabama's 21.7 million acres is mostly private, with 74 percent nonindustrial and 21 percent industry-owned. The balance -- approximately one million acres -- is publicly held and managed. The 1982 survey showed a slight increase in industry ownership since 1972, amounting to about 252,000 acres.

Resource Characteristics: Ongoing Change

Fundamental changes in Alabama's forest resources are underscored by the measurable transition of forest types. In the last survey in 1972, the most common species type was loblolly-shortleaf. Although southern pine types still predominated in 1982 (when longleaf and slash are included), hardwoods increased significantly. Oak-hickory inventory now exceeds the loblolly-shortleaf category, having increased 23 percent since the previous inventory. Growing stock of the loblolly-shortleaf type decreased eight percent during the period. Also significant is the fact that although Alabama's total growing stock volume is up 13 percent, categories of softwood and hardwood cull are up 171 percent and 42 percent respectively.

Annual rates of mortality are higher than they were a decade ago. This is due

to the advancing maturity of the timber base, to insects and diseases, to weather and to some unknown causes. Mortality for the 1972-1982 period accounted for a loss of 205 million ft^3 annually, up 98 percent since the 1963-1972 period. More than 75 percent of softwood mortality was attributable to insects, and roughly 50 percent for hardwood mortality to disease.

Management Opportunities

The Forest Service estimates the potential productivity of Alabama's timberland to be 99 ft^3 per acre. With net annual growth calculated at 46 ft^3/acre, Alabama's forests are producing at only 46 percent of their potential.

The current forest conditions in Alabama suggest that opportunities exist for improved management. The number of understocked acres has increased 56 percent since 1972. That coupled with the quadrupling of cull stands and increase in the proportion of hardwood, forewarns of changes in timber supply patterns for the industry.

With annual removals of softwood at 636.2 million ft^3 and growth at 641.8 million ft^3, there is a slight surplus of growth over removals. (Table V.) However, if existing trends continue, that favorable balance may shift. During the 1972-1982 period 1,300,000 acres of plantations were established in Alabama. Despite those efforts, though, the number of small softwood trees has declined dramatically as stands have matured and landowners have failed to regenerate after harvest. Better regeneration would increase productivity significantly.

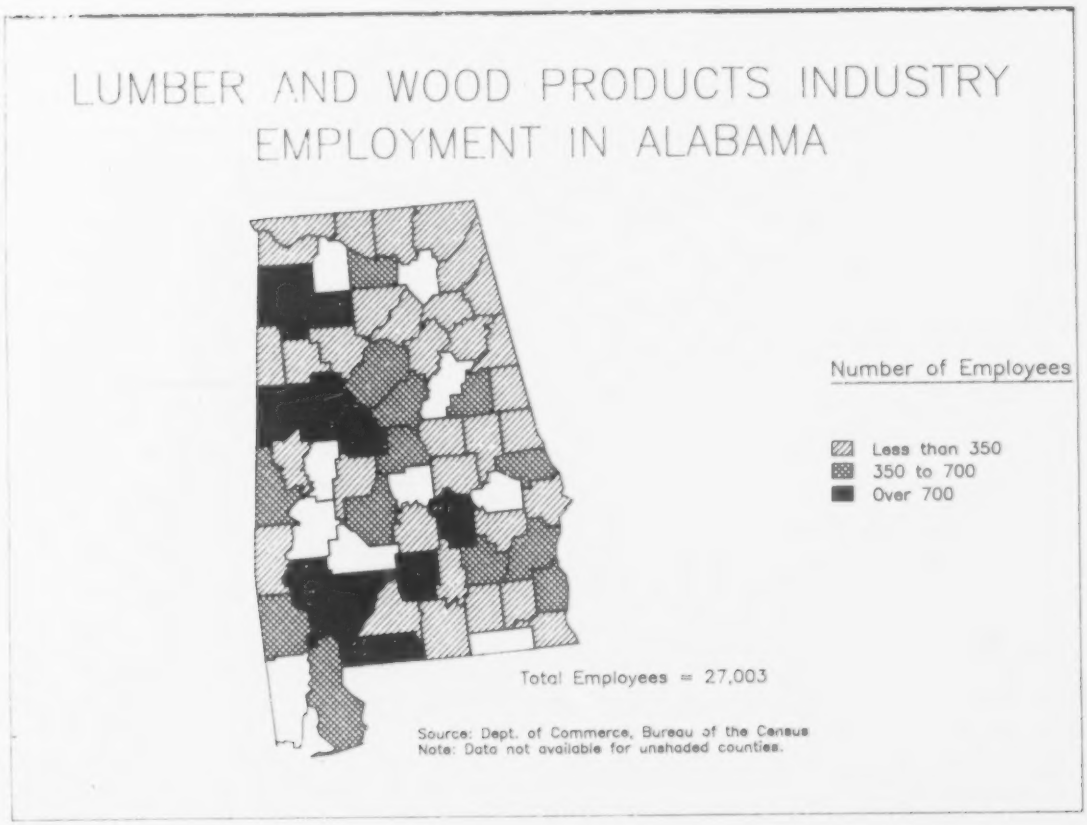
Table V: Removal and growth statistics for Alabama illustrate surplus growth. Softwood growth exceeds removals by only 5.6 million ft^3.

PERIODIC NET ANNUAL GROWTH AND REMOVALS
ALABAMA, 1972 - 1982

	Periodic Net Annual Growth			Periodic Annual Removals		
	All Species	Softwood	Hardwood	All Species	Softwood	Hardwood
	(Million Cubic Feet)					
National Forest	32.4	21.8	10.6	14.7	11.5	3.3
Other Public	15.2	8.6	6.6	8.7	6.0	2.7
Forest Industry	209.8	154.5	55.3	218.3	170.5	47.9
Farmer	268.2	152.5	115.7	211.5	143.1	68.4
Misc. Private	460.8	304.5	156.3	401.4	305.2	96.3
All Ownerships	986.3	641.8	344.5	854.8	636.2	218.6

Source: USDA Forest Service, Southern Forest Experiment Station Resource Bulletin SO-98: "Forest Resources of Alabama".

Figure 3: Employment statistics by county for the state of Alabama.


LUMBER AND WOOD PRODUCTS INDUSTRY
EMPLOYMENT IN ALABAMA
Number of Employees
Less than 350
350 to 700
Over 700
Total Employees = 27,003
Source: Dept. of Commerce, Bureau of the Census
Note: Data not available for unshaded counties.

ECONOMICS MONTHLY FORMAT TO CHANGE

The next issue of the NFPA Economics Monthly will look a little different. As part of a broad NFPA effort to expand and improve its coverage of industry news and trends, a new series of publications is being introduced. As a cousin to this "family" of publications, the Economics Monthly is being redesigned to match the other publications. We hope the new format will make it easier for you to find the information you need quickly and efficiently. Look for the "new look" next month. And let us know what you think.

A 7870-3

NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume II Number 7 July, 1986

MONTHLY STATISTICAL HIGHLIGHTS

Softwood lumber shipments through May were up 8.6 percent over last year; Canadian imports of softwood lumber were up 5.6 percent in the same period.

The Federal Reserve Board lowered its discount rate to 6.0 percent in July, the lowest it has been since January, 1978; most banks have lowered the prime rate to 8 percent.

Wood products exports are up dramatically -- softwood lumber, 29.3 percent; softwood plywood, 72.5 percent; hardwood lumber, 15.4 percent; hardwood veneer, 14.5 percent.

The Department of Commerce reports the value of new residential construction during the first five months of the year was up 8.3 percent.

NEW GLOBAL FOREST MODEL NEARS COMPLETION

The global scale of forest products trade has profound implications for domestic markets and ultimately for management of the forest resource--particularly as emerging producing countries challenge traditional ones for market share. And yet these implications are often difficult to anticipate.

One reason for this difficulty is the great number of variables that bear on the forest sector--from the price of exports and the fluctuations in exchange rates to the costs and rates of forest removals. Another factor that complicates strategic planning in the forest sector is the dearth of reliable data useful in the analysis of these variables.

IIASA To Release Global Forest Model This Fall

A group of forest economists and operations researchers with an organization called IIASA believe they have developed a computer model that represents a significant breakthrough in attempts to represent and analyze change in the global forest sector. The model will analyze separately 16 different wood and paper products in the context of 18 regions and subregions of the world over a 50-year time frame (Table I).

Technically, the GFM is described by IIASA analysts as the first global equilibrium market model developed for the forest sector. Rather than extrapolate scenarios from existing or historical trends--the distinctive feature of most computer models--the GFM reflects the dynamic interplay found in the real world by first determining the equilibrium point for supply and demand.

It then finds the most economically efficient solutions, through an optimization technique first used in the forest sector by Richard Haynes and Darius Adams for the North American forest sector. This technique attempts to mirror the actual movements of a market economy.

IIASA believes the GFM depicts producers, traders, and consumers of forest products as responsive to market incentives and economic self-interest. Price and cost relationships are derived from competitive interactions between these actors. The GFM determines the equilibrium level for each product and for the various trade flows that link the forested regions. All relevant price data are generated internally. Costs, except timber and fiber costs, are externally derived.

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PRODUCTS EXAMINED AND REGIONS AND SUBREGIONS ANALYZED BY THE IIASA GFM MODEL

Products	Regions, Subregions
Coniferous Logs	Finland
Non-Coniferous Logs	Sweden
Coniferous Pulpwood	Western Europe
Non-coniferous Pulpwood	USA-East; West
Fuelwood	Canada-East; West
Coniferous Sawnwood	Japan
Non-coniferous Sawnwood	Brazil
Veneer and Plywood	Rest of Latin America
Composition Panels	USSR-European; Asian
Coniferous White Pulp	Rest of Eastern Europe
Non-Coniferous White Pulp	Africa
Newsprint	China
Other Printing, Writing Papers	ASEAN Countries
Household, Sanitary Papers	Rest of Asia
Packaging Papers, Boards	Australia & New Zealand
Recycled Paper	

Source: IIASA

Table I: IIASA's Global Forest Model permits analysis of trade flows affecting 16 products and 18 regions.

Responsiveness and Sensitivity Tested

The Institute's Forest Sector staff has tested the model using seven scenarios: a base scenario continues current trends in per capita income, population growth, forest removals, etc.; an economic growth scenario models accelerated growth trends as an alternative to the base scenario; an exchange rate scenario depicts the impact on trade flows of a weak and a strong U.S. dollar; a tariff reduction scenario assumes that by 1987 the Tokyo Round reductions will be achieved and that by 2000 all forest products tariffs will be removed; a U.S.S.R. scenario measures the impact of greatly increased harvesting rates in the Siberian forests; an acid rain scenario; and finally a climatic warming scenario measures the influence of the so-called "greenhouse" effect on commercial forests.

These scenarios serve to test the responsiveness of the model and also offer insight into the ways that supply, demand, and trade flows may respond under varying conditions. For example, IIASA examined the impact on the Base Scenario of a weak and a strong dollar. The specific impacts on trade flows vary by product line and region.

In the Base Scenario, the GFM assumes that major currencies will recover two-thirds of their 1985 value against the U.S. dollar by 1990. In the weak dollar variation, the GFM models the impact of other currencies recovering all of their value against the dollar. The results, not surprisingly, showed that U.S. production and exports go up while consumption and imports decline. Under the strong dollar scenario, U.S. consumption goes up as expected to take advantage of cheaper imports, but production in Japan and Western Europe goes down. Lower production costs outside the United States push down price levels of forest products, thus stimulating U.S. demand, which pulls up prices again. These higher prices then dampen demand in Japan and Western Europe, hence illustrating the dynamic nature of the world market for forest products.

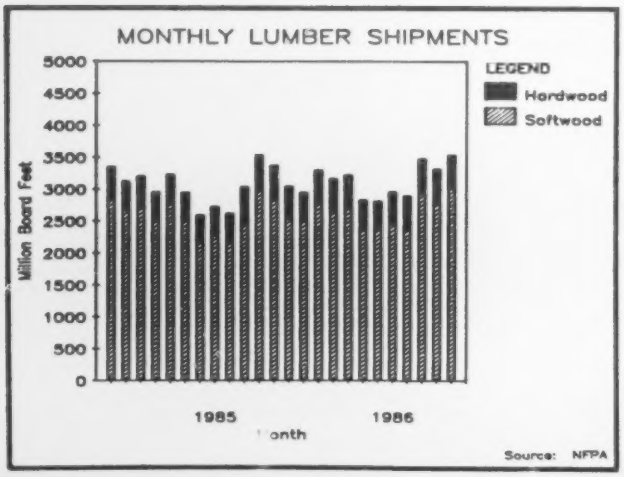
The Institute will soon publish a pamphlet and a technical book describing the GFM and related research findings. For further information about the publications and the model, write: the Secretariat, International Institute for Applied Systems Analysis, A-2361 Laxemburg, Austria. Telex: 07/9137.

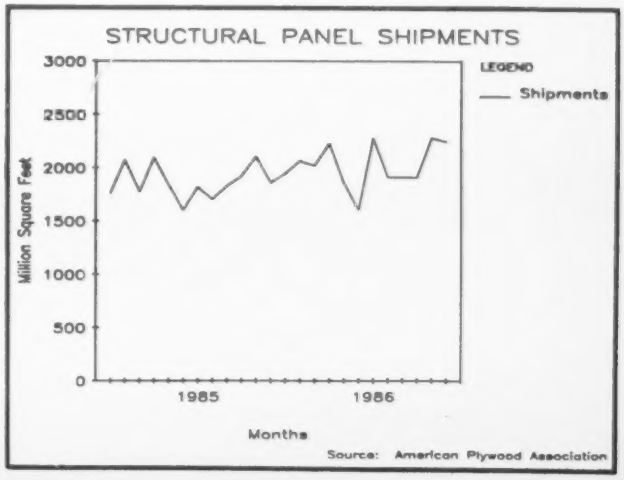
ECONOMICS MONTHLY

Issued: July, 1986

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	MAY 1986			MAY 31, 1986	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
	(Million Board Feet)				
SOFTWOOD LUMBER					
Southern Pine Region	949	949	910	570	1,892
Douglas Fir Region	780	838	741	497	891
Western Pine Region	839	890	856	464	1,289
California Redwood Region	173	199	173	115	378
Other Softwoods	140	147	137	242	298
TOTAL SOFTWOODS	2,881	3,023	2,817	1,888	4,748
% Change - April 1986	-2.2%	4.2%	3.7%	-9.8%	-2.9%
% Change - May 1985	5.9%	7.4%	-0.5%	-12.3%	3.6%
HARDWOOD LUMBER					
Southern Hardwood Region	254	250	257	274	869
Appalachian Hardwood Reg.	42	41	42	*	*
Other Hardwoods	228	224	230	208	1,080
TOTAL HARDWOODS	524	515	529	482	1,949
% Change - April 1986	-6.1%	-7.4%	0.4%	3.0%	0.5%
% Change - May 1985	-14.0%	-13.7%	-11.1%	15.9%	8.3%
TOTAL LUMBER	3,405	3,538	3,346	2,370	6,697
% Change - April 1986	-2.8%	2.3%	3.2%	-7.5%	-1.9%
% Change - May 1985	2.3%	3.7%	-2.3%	-7.7%	4.9%
* Included in Other Hardwoods					
	(Thousand Feet)				
FLOORING					
Oak Flooring (Bd. Ft.)	NA	12,454	NA	9,521	3,539
Maple Flooring (Sq. Ft.)	1,153	1,265	1,129	4,167	2,601
STRUCTURAL PANELS	2,236,402	2,245,946	2,066,932	493,549	617,000
% Change - April 1986	-5.7%	-1.5%	-2.5%	-20.8%	44.5%
% Change - May 1985	9.6%	6.8%	1.6%	6.3%	54.6%





YEAR-TO-DATE INDICATORS

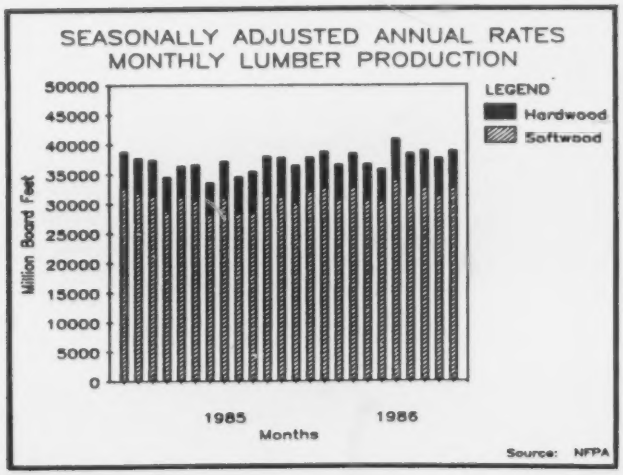
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	5 mos.'86	5 mos.'85	5 mos.'86	5 mos.'85	5 mos.'86	5 mos.'85
	(Million Board Feet)					
TOTAL LUMBER	16,436	6.5%	16,371	6.2%	16,457	4.7%
TOTAL SOFTWOOD	13,747	8.9%	13,718	8.6%	13,712	6.3%
TOTAL HARDWOOD	2,689	-4.7%	2,653	-4.7%	2,745	-2.3%

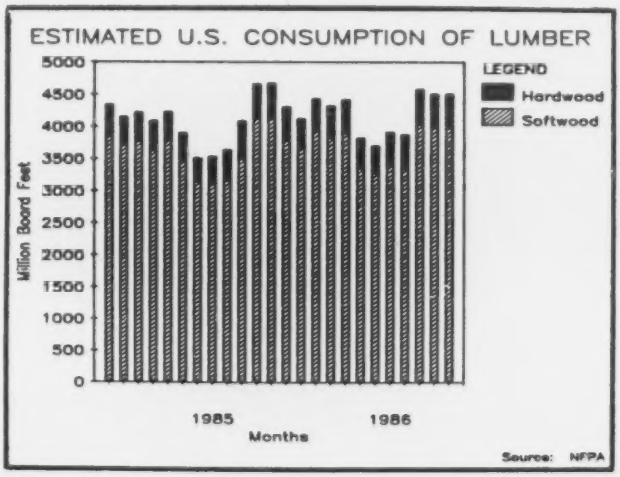
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	May '86	Apr. '86	May '85	May '86	Apr. '86	May '85
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	10,378	-8.0%	-12.2%	9,993	-9.6%	-16.6%
Douglas Fir	9,113	13.4%	25.2%	9,227	16.7%	11.6%
Western Pine	9,658	0.3%	13.2%	10,210	2.7%	16.9%
Calif. Redwood	1,890	-11.3%	1.1%	2,241	2.5%	13.7%
Other Softwoods	1,588	-1.0%	5.2%	1,629	1.0%	2.6%
TOTAL SOFTWOODS	32,626	-0.2%	5.2%	33,300	1.8%	2.3%
TOTAL HARDWOODS	6,201	-5.0%	-14.0%	5,931	-6.4%	-15.4%
TOTAL LUMBER	38,827	-1.0%	1.6%	39,231	0.5%	-0.8%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	May '86	Apr. '86	May '85	5 mos.'86	5 mos.'85
	(Million Board Feet)				
Total Consumption	4,502	-1.7%	-3.8%	16,877	5.5%
Softwood Consumption	3,981	-1.7%	-3.0%	14,801	7.2%
Hardwood Consumption	520	-2.3%	-9.6%	2,076	-5.0%

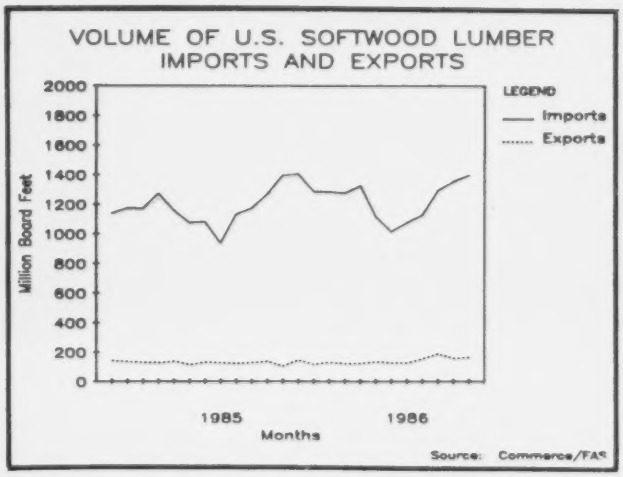


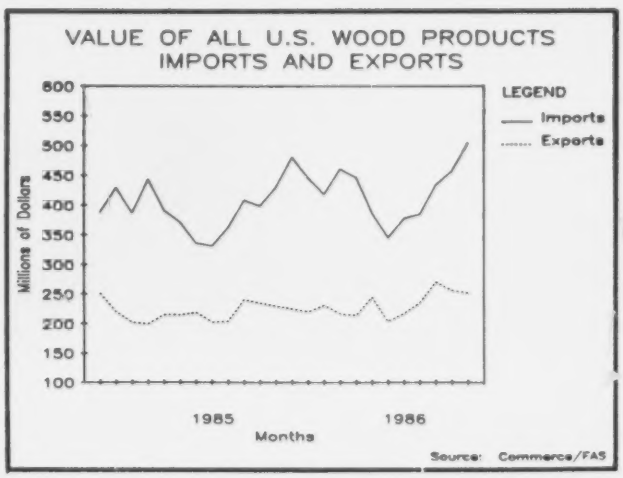


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE ($000)			
		May '86	5 mo. 1986	% Change From Apr. '86	% Change From 5 mo. 1985	May '86	5 mo. 1986	% Change From Apr. '86	% Change From 5 mo. 1985
EXPORTS									
SOFTWOOD LUMBER	MMBF	165.5	794.0	4.9%	29.3%	59,065	260,992	14.1%	73.1%
To Canada	MMBF	30.7	151.0	-7.9%	35.1%	7,645	37,212	-7.9%	64.7%
SOFTWOOD LOGS	MMBF	268.1	1,442.7	-12.0%	-7.8%	90,093	460,117	-11.3%	-23.0%
SOFTWOOD PLYWOOD	MMSF 3/8"	18.7	275.0	-61.9%	72.5%	4,420	58,833	-56.7%	73.7%
HARDWOOD LUMBER	MMBF	39.1	191.9	-4.4%	15.4%	27,650	133,264	-1.2%	47.0%
HARDWOOD LOGS	MMBF	10.4	59.1	-9.5%	1.3%	11,437	54,975	-5.2%	12.6%
HARDWOOD VENEER	MMSFsurf	85.8	373.8	17.5%	14.5%	7,605	31,477	20.1%	59.5%
PARTICLEBOARD	MMSF 3/4"	12.2	65.3	-6.1%	60.2%	2,466	12,746	-13.3%	54.7%
ALL OTHER		NA	NA	NA	NA	47,492	211,019	12.9%	21.2%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	251,119	1,228,000	-1.7%	9.6%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,396.1	6,248.1	3.1%	5.8%	305,739	1,276,841	6.5%	14.5%
From Canada	MMBF	1,391.8	6,198.6	3.3%	5.6%	304,282	1,266,552	6.9%	14.6%
SOFTWOOD LOGS	MMBF	3.6	15.1	-31.3%	-44.3%	424	1,539	25.4%	-80.3%
SOFTWOOD PLYWOOD	MMSF 3/8"	15.8	55.9	42.1%	63.9%	3,956	14,891	47.0%	202.7%
HARDWOOD LUMBER	MMBF	37.3	156.8	56.3%	-5.2%	17,168	71,803	33.9%	6.7%
HARDWOOD LOGS	MMBF	2.5	8.1	78.0%	7.7%	344	1,505	20.3%	22.9%
HARDWOOD VENEER	MMSFsurf	134.7	677.2	9.7%	24.4%	10,429	47,239	23.3%	7.2%
HARDWOOD PLYWOOD	MMSF 3/8"	302.5	1,684.9	8.9%	14.5%	37,909	206,988	15.9%	19.3%
HARDBOARD	MMSFsurf	69.8	377.8	4.5%	34.4%	4,627	24,223	11.7%	10.0%
PARTICLEBOARD	MSF 3/4"	49.9	222.3	12.9%	-0.2%	13,196	57,233	13.7%	15.7%
ALL OTHER		NA	NA	NA	NA	109,109	452,216	13.1%	27.4%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	503,610	2,155,890	10.2%	17.0%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.





VALUE OF NEW CONSTRUCTION

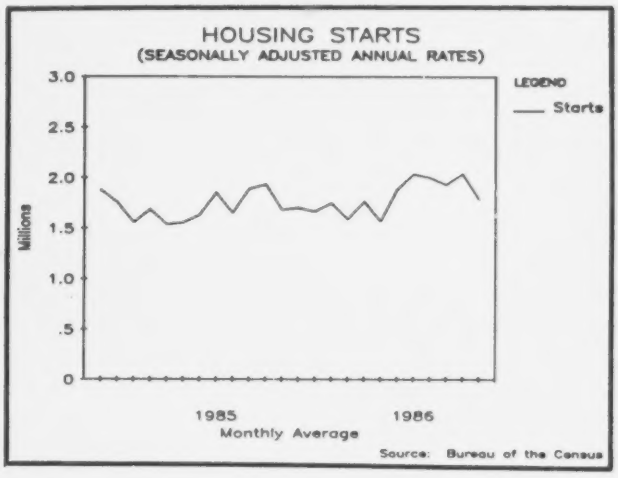
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	May '86	Apr '85	May '85	5 mo. '86	5 mo. '85
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	32.0	15.1%	10.6%	133.7	6.5%
Private	25.8	13.2%	9.1%	110.0	4.5%
Residential	14.8	17.5%	20.0%	59.1	8.3%
Nonresidential & Other	7.8	13.0%	-31.1%	35.0	-30.9%
Public	6.2	24.0%	17.6%	23.7	16.7%

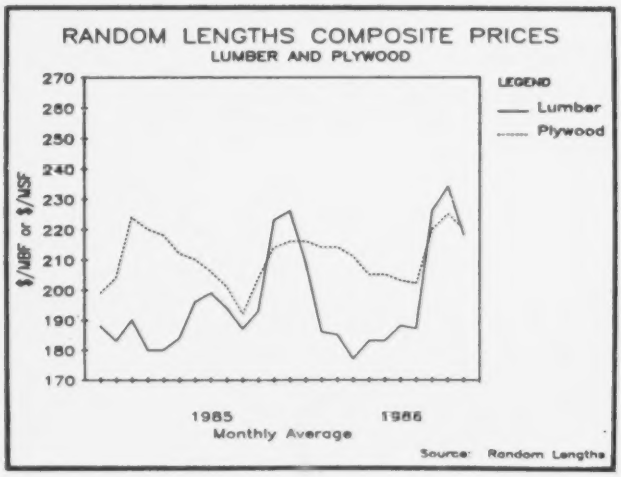
HOUSING STARTS

	May '86	Apr '85	May '85	5 mo. '86	5 mo. '85
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	187.0	-0.6%	9.7%	749.1	8.1%
New Private Starts	187.0	-0.6%	9.9%	749.0	8.3%
Seas. Adj. Annual Rate	1788	-12.3%	6.4%		
One-Family Housing Starts	126.4	5.1%	17.6%	480.8	11.4%
Proportion of Total	67.6%			64.2%	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	22,500	-1.7%	-19.6%	103,500	-11.2%

INDUSTRY EMPLOYMENT

	May '86	% Change From	
		Apr '85	May '85
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	99,908	0.1%	2.6%
All Manufacturing Industries	19,200	-0.2%	-1.2%
Lumber and Wood Products	719	0.0%	3.2%
Furniture and Fixtures	496	0.4%	0.6%





REPORT IDENTIFIES FOREIGN-OWNED FOREST LAND

Foreign owners accounted for less than one percent of all private agricultural land in the United States, but the major portion of these holdings was in forest land. This was the conclusion of a report issued earlier this year by the Department of Agriculture (USDA), pursuant to provisions of the Agricultural Foreign Investment Disclosure Act of 1978 (AFIDA). The Act requires all foreign persons acquiring or disposing of agricultural land to report such transactions to the Secretary of Agriculture within 90 days of the transaction. A report is issued yearly to the President and the Congress detailing the extent of foreign ownership of U.S. agricultural (and forest) land.

Information analyzed revealed that as of December 31, 1985, foreign owners held an interest in 12,094,292 acres of U.S. agriculture and forest land. Forest land accounted for 51 percent of all foreign-owned acreage, cropland for 17 percent, pasture and other agricultural land for 27 percent, and nonagricultural and unreported uses for 5 percent. Foreign ownerships were found in 49 states and two U.S. territories, with a significant concentration in the Western and Southern regions.

Maine Leads In Foreign Participation

Rhode Island was the only state that had no foreign-held agricultural land identified. On the other hand, its New England neighbor Maine had the largest foreign ownership, accounting for 10.1 percent of the state's private agricultural and forest land. Apparently, three companies with foreign participation owned most of the Maine land identified by USDA. Foreign interests held 1,017,382 acres in Texas, although this represented only 0.7 percent of all agricultural land in the longhorn state. Pennsylvania had the second highest percentage of lands (3.5 percent) in foreign holdings.

According to the report, 696 foreign owners controlled 2,048 parcels of U.S. timberland, averaging 2,800 acres. Of the number of parcels, 108 were jointly-owned between U.S. and foreign interests. Individuals accounted for 19 percent of the parcels, only 2 percent of the acres; corporations accounted for 53 percent of the parcels, 91 percent of the acreage. Partnerships, trusts, estates and other organizational entities controlled 28 percent of the parcels, eight percent of the forested acreage. Parcels of timberland

Table II: Filings under the Agricultural Foreign Investment Disclosure Act (AFIDA) offer a clue to forest land values in selected states.

U.S. FOREST AND OTHER NONAGRICULTURAL LAND ACQUISITIONS OF FOREIGN OWNERS BY STATE
January 1, 1985 - December 31, 1985

State	Parcels Reported (Number)	Acres (Number)	Est. Value ($000)
Alabama	3	254	$218
Georgia	18	7,875	$6,880
Idaho	2	3,724	$3,731
Louisiana	10	286,220	$12,279
Maine	2	60,482	$1,246
Mississippi	18	179,759	$2,153
New Hampshire	2	864	$292
New York	5	5,948	$117
North Carolina	1	83	$15
Oregon	22	535,805	$2,055
Pennsylvania	1	20	$25
South Carolina	4	646	$559
Tennessee	2	339	$224
Texas	1	251	$1,450
Vermont	5	2,856	$886
Virginia	1	204	$143
Washington	12	320,365	$784
West Virginia	6	57,682	$27,528
TOTAL	115	1,463,377	$60,585

Source: USDA, Economic Research Service

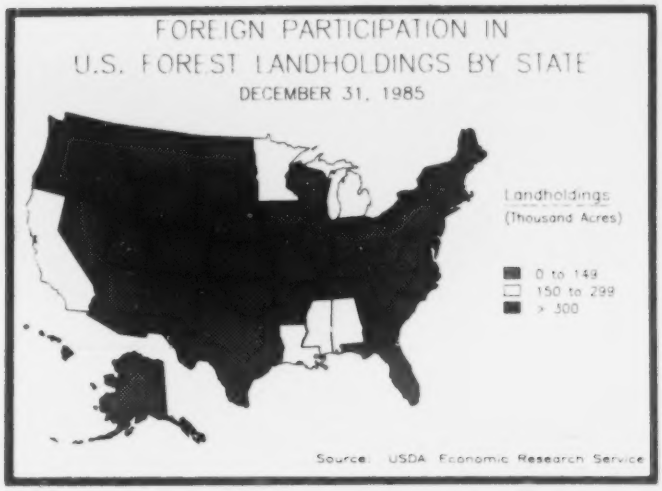


Figure 1: Foreign investment in U.S. forest land is relatively small, but significant in a few states.

owned by foreigners tended to be very large. Only a minuscule number of acres (0.6 percent) were in parcels of fewer than 300 acres.

Brits Still Holding on to Their Colonies

Joint ownerships between U.S. and British individuals or entities accounted for the largest block of the timberland, approximately 2.9 million acres. Canadian companies wholly owned slightly more than one million acres, with U.S./Canadian joint ventures owning an additional half-million acres. West Germany lays claim to 236,644 acres of forest land. Entirely foreign-controlled companies from the United Kingdom, Canada and West Germany combined owned some 24 percent of the total land identified (Figure 1).

List of Foreign Ownerships Grew During 1985

The most significant transactions reported during 1985 concerned the acquisition of some 1.7 million acres. By definition under AFIDA, acquisitions include land belonging to a company which changes in whole or in part to a foreign ownership. Of the 1,673,910 acres of agricultural and forest land reported as acquired during 1985, 79 percent was in four states: Oregon, Washington, Louisiana, and Mississippi. These "acquisitions" can be attributed, in all likelihood, to the takeover of Crown Zellerbach Corporation by a British national.

The AFIDA filing also requires information on the value of forest land acquired or transferred. Hence, the USDA report provides some insight into current values of timberland in selected states. Table II details the reported acquisitions during 1985. It should be noted that forest land values vary tremendously, and are a function of many factors including location, site characteristics and stocking.

Balancing the acreage acquired by foreign interests in 1985 were some 215,076 acres which were disposed of or changed hands back to U.S. owners.

Copies of USDA Report Are Available From NFPA

A limited number of copies of the USDA report, "Foreign Ownership of U.S. Agricultural Land Through December 31, 1985", are available from NFPA. Please mail a request with $2.75 to cover printing, postage and handling to Julia Stewart, Manager Statistical Publications, NFPA, 1250 Connecticut Ave. NW, Washington DC 20036.

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NFPA

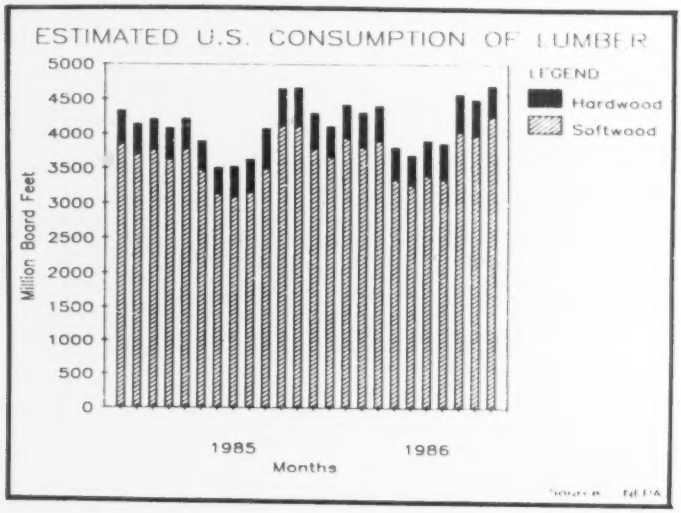
ERRATA TO JULY ISSUE OF NFPA ECONOMICS MONTHLY

Please replace the "Domestic Lumber Consumption" table on page 2 of the statistical insert with the following corrected table.

We apologize for any inconvenience this may have caused.

U.S. LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	May '86	Apr. '86	May '85	5 mos.'86	5 mos.'85
	(Million Board Feet)				
Total Consumption	4,696	1.7%	-0.2%	21,691	4.8%
Softwood Consumption	4,254	3.8%	3.6%	19,172	7.0%
Hardwood Consumption	443	-14.9%	-26.2%	2,519	-9.6%



NATIONAL FOREST PRODUCTS ASSOCIATION
1250 CONNECTICUT AVE. NW ♦ SUITE 200 ♦ WASHINGTON, DC 20036 ♦ 202 463-2700